

COMMERCIAL PREMISES



LIBERTY **COMMERCIAL
PREMISES**

General
Conditions



LIBERTY **COMMERCIAL** **PREMISES**

LI20CIO 02/07

Important Note

This translation is only intended as a rough guide and the company cannot accept any liability for omissions, inaccuracies or variations arising from the translation. The contract between the Insurer and the Insured is on the basis of the Spanish text which prevails in case of any differences. The English translation does not form any part of the insurance contract.

COVER SUMMARY

INSURED RISKS	BUILDING	CONTENT
A. BASIC COVERS		
A.1. Material damage to buildings and/or contents		
A.1.1. Fire, explosion and lightning	100%	100%
A.1.2. Water damage		
* Optional (10% minimum €100 and maximum €600)	100%	100%
– Cost of the repairing and/or replacing faulty pipes	€600	€600
A.1.3. Vandalism or mob activity	100%	100%
* Optional (10% minimum €100 and maximum €600)		
A.1.4. Natural phenomena	100%	100%
A.1.5. Flooding	100%	100%
A.1.6. Smoke	100%	100%
A.1.7. Impact	100%	100%
A.1.8. Sonic Boom	100%	100%
A.1.9. Spillage of leakage of automatic extinguishing devices	100%	100%
A.1.10. Electrical damage to fittings and accessories	€6,000 (First loss basis)	€6,000 (First loss basis)
A.1.11. Temporary removal contents	–	10%
A.1.12. Breakage of glass.		
– Damage sustained by stock in shop windows due to the impact of broken glass are included	€1,200 (First loss basis)	€1,200 (First loss basis)
* Optional (10% minimum €60)		
A.2. Expenses and losses associated with material damage		
A.2.1. Demolition and debris removal expenses	100%	100%
A.2.2. Fire extinguishing expenses	100%	100%
A.2.3. Costs incurred for the clearing and removal of mud as a result of flooding	100%	100%
A.2.4. Cost incurred to refilling fire-extinguishing equipment	100%	100%
A.2.5. Cost incurred to obtain permits and/or licences	5% (maximum €12,000)	–
A.2.6. Professional fees	5% (maximum €12,000)	–
A.2.7. Loss of rent	20% (indem.period 12 moths)	–
A.2.8. Forced eviction	–	30% (indem.period 12 moths)
A.2.9. Document replacement	–	10% (maximum €3,000)
A.2.10. Expenses incurred in the reconstruction of the building	5% (maximum €3,000)	
A.3. Claims for damages	€6,000	
A.4. Business assistance (see IIs of services)	Included	Included

INSURED RISKS	BUILDING	CONTENT
B. OPTIONAL COVERS		
B.1. Automatic cover for stock	–	30% of total stocks
B.2. Deterioration of refrigerated stock <i>* 10% minimum €100</i>	–	Insured sum
B.3. Theft with violence and intimidation	100%	100%
B.3.1. Theft with violence and intimidation to people and damage from theft or attempted theft	100%	100%
– Damage when buildings is not insured	–	10% (maximum €6,000)
– Theft of items in shop windows without entering the premises–	–	10% (maximum €3,000)
B.3.2. Theft with violence and theft with intimidation of cash in the premises	–	5% (maximum €3,000)
– In safes	–	5% (maximum €3,000)
– In cabinets locked with a key, cash registers or vending machines	–	2% (maximum €350)
B.3.3. Theft with intimidation to customers, employees, visitors or the insured on the premises	–	5% (maximum €200 per person and €2,000 in total)
B.3.4. Theft using violence, theft with intimidation, loss and accidental damage caused to keys	–	2% (maximum €325)
B.3.5. Theft with intimidation to fund transporters	–	5% (maximum €1,500)
B.4. Employee dishonesty <i>* 10% minimum €120</i>	–	Insured sum
B.5. Consequential loss <i>* 2 working days</i>	Indemnity period according to schedule	
B.5.1. Daily indemnity	–	Insured sum/day
B.5.2. Lost of profits	–	Insured sum
B.5.3. Permanent general costs	–	Insured sum
B.6. Breakdown of machinery and electric equipment (not basic or theft with with violence/theft with intimidation) <i>* 10% minimum €60 and maximum €300</i>	–	Insured sum
B.7. Liability	Insured sum	
– Sub-limit per victim/claim	Insured sum	
B.7.1. Public liability <i>* Optional (€60)</i>	Insured sum	
B.7.2. Product liability	Optional insured sum	
B.7.3. Residual Employer's liability <i>* €60</i>	Optional insured sum	
Index linked	CPI	CPI
Compensation of sums insured	Included	Included
Extraordinary risks	Included by the insurance Compensation Consortium	

* Deductibles

INFORMATION STATEMENT

Applicable Legislation: The Insurance Contracts Act 50/80 and the revised text of the Regulation and Supervision of Private Insurance Act, approved by Royal Decree 2004/29 of 29 October and the regulations set forth therein.

CUSTOMER CLAIM AND PROTECTION REQUESTS

LIBERTY SEGUROS has a **Customer Service Department** and a **Customer Ombudsman** to handle and resolve complaints and claims arising from actions by the Company itself or by banking and insurance operators, in accordance with the procedure set forth in Order ECO 734/2004 of 11 March.

1. Customer Service Department. C/ Obenque 2, 28042 MADRID. Fax: 91 301 79 98. e-mail: atencionalcliente@libertyseguros.es

2. Customer Ombudsman. C/ Marqués de la Ensenada 16, 3º, oficina 23, 28004 Madrid. Fax: 91 308 49 91. e-mail: reclamaciones@da-defensor.org

All complaints and claims will be handled and resolved within a period of two months after being submitted. After this period has elapsed and having received no response, or in the event of disagreement, the claimant may address the **Commissioner for the Defence of Insurance Policyholders and Participants in Pension Plans**. Pº de la Castellana 44, 28046 MADRID. For the resolution of conflicts in court, the court in the policyholder's city of residence will hold jurisdiction.

The **Regulations for Customer Defence** are available to customers at offices of the Companies within the Liberty Group, which detail the procedures for handling complaints and claims. These regulations are also available on the website: www.libertyseguros.es, or from your insurance agent.

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The insurance Policyholder, by signing the Specific Conditions, or where applicable, the insurance certificate, expressly recognizes that he/she is aware of the clauses limiting the rights of the insured that appear in bold and he/she explicitly accepts them. Mere transcriptions of or references to imperative legal precepts will not require said acceptance.

PRELIMINARIES

DEFINITIONS

For the purposes of this contract, the following definitions shall be used:

■ **Insurer:** The insurance company is **Liberty Seguros, Compañía de Seguros y Reaseguros, S.A.**, which subscribes the policy together with the policyholder of the insurance and is bound, through its collection of the corresponding premium, to pay the benefit corresponding to each of the guarantees included in the schedule.

■ **Insurance policyholder:** The individual or legal entity that, together with the insurer, subscribes this contract, and to whom the obligations derived from it correspond, unless, due to their nature, they must be met by the insured.

■ **Insured:** The individual or legal entity that is the titleholder of the interest that is the object of the insurance and that, in the absence of the policyholder of the insurance, undertakes the obligations and rights derived from this contract, except for those which, due to their nature, must be met by the insurance policyholder.

■ **Beneficiary:** Individual or legal entity, titleholder of the right to indemnity.

■ **Policy:** The document containing the regulatory conditions of the insurance contract. Integral parts of the policy include: the General Conditions; the Schedule; the special conditions; and the riders or appendices that might be issued for the policy to complement or modify it, as well as the proposal form-questionnaire to serve as the basis for the issue of the insurance.

■ **Premium:** The price of the insurance. The receipt shall also contain the legally applicable surcharges and fees.

■ **Term of the Insurance:** It is the period of time comprised between the date on which the insurance takes effect and that of the policy's first expiry date, or between two annual expiry dates, or between the last annual expiry date and the policy's cancellation.

■ **Insured Sum:** The sum established for each of the policy's guarantees and constituting the maximum limit for the indemnity to be paid by the insurer in case of loss.

■ **Deductible:** The sum, percentage or any other quantity agreed to in this policy to be deducted from the indemnity and paid for by the insured in case of each loss.

■ **Damages:** The destruction or deterioration of the insured property in the place described in the policy.

■ **Loss:** Any event with consequences producing damage totally or partially covered by the guarantees of this the policy. All damages derived from a single cause or event and that occurred at the same time shall be construed as a single loss.

■ **Fire:** Combustion and burning due to a flame able to propagate itself from one object to others not intended for burning in the place and at the time at which it occurs.

■ **Explosion/Implosion:** The sudden and violent pressurizing or depressurizing of gas or steam.

The following shall not be construed as an explosion/implosion:

- **The electric arc.**
- **Broken receptacles or pipes due to freezing.**
- **Sound waves.**
- **Broken valves or safety disks, rupture disks or safety plugs.**

■ **Lightning:** Violent discharge produced by a disturbance in the atmosphere's electric field.

■ **Smoke:** The gas produced from combustion.

■ **Salvage Expenses:** Those incurred through the use of means to lessen the consequences of the accident.

■ **Theft with Violence:** The removal or illegitimate procurement of the property designated in the policy, against the will of the insured, carried out inside of the insured risk through the use of acts requiring force or violence toward objects or through the use of housebreaking, false keys, picklocks or other instruments not ordinarily used to open doors or windows.

■ **Mugging or Theft with Intimidation:** The removal or illegitimate procurement of the property designated in the policy, against the will of the insured, through acts of intimidation or violence toward the individuals caring for or guarding it.

■ **Theft without violence:** The removal or seizure of the property designated in the policy, against the will of the insured, carried out inside of the insured risk, without the use of force or violence toward objects, nor violence and intimidation toward people.

■ **Money in Cash:** This includes cash, foreign currencies, identified cheques, stamped bills, stamps, prepaid cards (telephones), lottery tickets, prescriptions and any other instrument representing a monetary guarantee.

■ **Collectors:** The insured or the employees thereof, **who are over 18 years old and less than 65 years old and who, with no physical defects that may reduce their ability to carry out this role,** are in charge of collecting or transporting cash or any other items.

■ **Fund Transporters:** The insured or the employees thereof, **who are over 18 years old and less than 65 years old, who are not collectors and do not have any physical defects that may reduce their ability to carry out this role** and are in charge of regularly or periodically transferring cash or any other items.

People may also be considered fund transporters if they are not included in the payroll of the insured but are expressly stipulated in the policy as such.

■ **Shop Window:** The area of the shop used to display goods, which is separated from the outside by fixed windows, in such a way that it can only be accessed from inside the premises.

■ **Safe:** Safes are construed as those weighing less than 100 kilograms that are appropriately bolted to the floor or sunk into the wall or those weighing more than 100 kilograms that are not bolted to the floor or sunk into the wall. As a closing element, it shall have a lock with either a double-lock or double-combination lockset, which must be made with material that offers resistance to penetration and fire.

■ **Partial Value Insurance:** The insurance method by means of which an established amount is guaranteed, up to which the risk is covered, as a proportional part of the full value declared by the insured.

In case of loss, the losses shall be indemnified according to their real value and, **at the most, up to the insured sum calculated by applying the agreed percentage to the declared value**, providing the full real value of the property insured at the time of loss does not exceed the total declared value.

■ **First Loss Insurance:** The insurance method by means of which a specific insured sum is guaranteed, up to which the risk is covered, regardless of the full value thereof. The average rule does not apply, unless otherwise agreed.

■ **Floating sum insured Insurance:** The insurance method by means of which a possible amount of goods is guaranteed that, in addition to the amount established in the policy for fixed goods, represents the insured sum up to which the risk is covered, according to the limits set forth in the relevant special clause.

■ **Replacement as New Insurance:** The insurance method by which the insured property is guaranteed at the value of its replacement with new items, without any reduction in its worth for age, use or obsolescence, **subject to the limits established in Article 20 of these general conditions.**

■ **Breakdown:** Any sudden or unexpected event that affects the functioning of any insured machinery or equipment, even if the event occurs when such machinery or equipment is in being dismantled, transported or assembled in order to be cleaned, repaired or replaced before it is able to be used again.

■ **Maintenance Agreement:** The agreement or contract by virtue of which maintenance and repair services or technical assistance is provided for the insured equipment or machinery.

1

OBJECT OF THE INSURANCE

The object of this policy is the payment, by the insurer to the insured, of any indemnity that corresponds to the latter, if, during the valid term of the insurance, he suffers a loss guaranteed by any of the policy's covers, **providing that it is established in the schedule that said covers are comprised in the insurance granted by this policy, and subject to the terms and conditions stipulated in this contract and, in particular, the established exclusions.**

The insurance covers the property stipulated in the schedule that makes up the insured's assets.

The following will also be construed as insured property: Movable assets belonging to

third parties that, while in the power or under the control of the insured, are stored by or in the custody of the insured or people for whom he is liable.

This policy includes the following cover:

- A. Compulsory Basic Covers: covering material damages or losses sustained by structure and/or contents** listed in and regulated by Article 3.A. of these general conditions.
- B. Optional Covers:** extending the basic level of cover of the insurance and regulated by that set forth in Article 3.B. of these general conditions.

2

INSURED PROPERTY

The insured property for this commercial insurance is structure (building or premises) and contents, providing the insured sum is given in the schedule.

STRUCTURE:

The following is construed as structure:

- The set of foundations, walls, structure, enclosures and brickwork, ceilings, paving, ironwork, fences and adjoining buildings that make up the building or premises where the insured activity is performed.
- The fixed installations in the building or premises, such as the heating and air conditioning systems, water, electricity and gas systems to their connection with public service networks, solar energy systems, telephone systems, fixed television and radio antenna and sanitary systems.
- Decorative items providing that they are stuck to the floors, ceilings and/or walls and any refurbishment work or work carried out to improve the insured premises.
- If the insured is a co-owner, the coefficient that may affect the undivided property in the horizontal property system shall also be considered as structure.
- In the case of leased property, refurbishment work or building extensions, which are carried out by the insurance policyholder or insured, in order to fit out or adapt the buildings, premises or adjoining buildings for commercial use, shall also be construed as structure.

CONTENTS:

For the purposes of this policy, **property inside the building or premises where the establishment is located**, which is essential or inherent to the business activities declared in the schedule and which meets the following description, shall be construed as contents:

1. Furniture and Machinery

- Any furniture, counters and shelves.

- Machinery, engines, refrigerators, tools, instruments and equipment for commercial use, templates, moulds, models and dies.
- Electronic equipment, office equipment and tools, AV equipment, alarms and other protection facilities.
- Awnings, signs and illuminated signs.

2. Stock

The materials, products, packaging and packing, before and after manipulation, which are related to the object of the business activities.

Goods may be the following:

- Property Owned by the Insured:
- Property owned by third parties, the deposit of which has been entrusted to the insured or for which the insured is responsible.

3. Valuable Objects

Paintings, tapestries, rugs, works of art, jewellery, watches, objects made of gold, silver or platinum, pearls and precious stones, furs, stamp and coin collections, weapons, books in a collection, items which cannot be replaced, manuscripts and other similar items, **providing the aforementioned items are included within the insured risk and are exclusively used for decorative purposes.**

Collections or sets shall be considered in their entirety as a single object.

3

COVERS

A. BASIC COVERS

A.1. Material damage or losses sustained by the building and/or contents

Pursuant to the limits and conditions agreed in the policy, direct material damage and/or losses sustained by the building or contents are covered, including items construed as valuable objects, **providing the value does not exceed euros 1,800**, and items of a higher value that are expressly listed in the schedule, according to the scope and limits detailed below for each of the following covers.

THE FOLLOWING IS NOT COVERED:

Valuable objects, of which the unit value is more than euros 1,800 and which are not listed in the schedule of the policy.

1. Fire, Explosion or Implosion, Lightning

Fire

The following is guaranteed:

- Any damage to insured property caused by necessary measures adopted by the authorities and the insured in order to prevent, stem, reduce or extinguish the fire.
- Any damaged sustained by the property as a result of the measures adopted in order to save it.
- Any expenses incurred by the insured for transporting the insured goods or as a result of any other measures adopted to try and save them.
- The value of any missing goods in case of a loss, providing the insured can prove the pre-existence of these items **and unless the insurer can prove that they were stolen or taken without violence.**

THE FOLLOWING IS NOT COVERED:

Any damage caused by the simple action of heat, by direct or indirect contact with devices for heating, air conditioning and lighting or with chimneys and hearths, due to a smoking-related accidents or when objects fall individually into the fire, unless these risks occur due to an actual fire, or when this occurs due to the causes set forth herein.

Explosion or Implosion

Direct material damage caused to the insured goods due to explosion or implosion, even when no fire ensues, as well as the unavoidable consequences thereof.

THE FOLLOWING IS NOT COVERED:

Damages caused by the explosion or implosion of equipment or substances different from those normally used for the insured's business activities, unless the cover thereof is expressly stated in the schedule of the policy.

Lightning

Direct material damage to the insured property is guaranteed if it is caused by the direct action of lightning, even when no fire ensues.

THE FOLLOWING IS NOT COVERED:

Electrical damages caused as a result of the direct action of lightning on electrical or electronic equipment and machinery.

The limit on the indemnity for these guarantees shall be 100% of the insured sum for buildings and/or contents.

2. Water Damage

Direct material damage to the insured property is guaranteed if it is caused by water as a result of the following:

- A burst, rupture, leak, overflow or blockage in privately-owned pipes used to deliver, distribute and drain water, as well as pipes for heating systems, deposits, electrical appliances, all located in the premises of the insured establishment.
- Water being filtered or leaks coming from the premises or houses adjacent to or above the insured establishment.
- Oversights and failures to close taps or faucets, **except when the business has been closed for more than 96 consecutive hours.**
- Any expense incurred for work carried out to search for and locate malfunctions in the premises.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for buildings and/or contents, with a limit of euros 600 for the cost of repairing or replacing damaged pipes.

THE FOLLOWING IS NOT COVERED:

- a. Damages arising from septic tanks, sewers, rainwater or the overflow of water from the public sewage system.
- b. Damages arising as a result of the failure to carry out actions and repairs required to ensure the normal condition and proper functioning of the installations or to correct the gradual wear and tear thereof.
- c. Damages due to building flaws in the building.
- d. Damages caused as a result of building and repair work in the insured business.
- e. Damage caused to stock located less than 10 cm from the floor, providing that they could have been stored on shelves, in pallets or in other similar places, unless such damage would have occurred even if the items had been located above the aforementioned height.
- f. Damage produced when the insured business is closed or without surveillance for more than 30 consecutive days, notwithstanding that set forth regarding the failure to close taps or faucets.
- g. Damage due to frost.
- h. Damage caused by humidity and/or condensation.
- i. The costs of unblocking or cleaning any kind of piping.

3. Vandalism or Riotous Acts

Committed individually or collectively by individuals other than the policyholder or the insured, including those arising from legal strikes, meetings and demonstrations carried out in accordance with that set forth in current legislation, **unless the aforementioned actions are considered to be riots or civil unrest.**

The limit on the indemnity for this guarantee shall be 100% of the insured sum for structure and/or contents.

THE FOLLOWING IS NOT COVERED:

- a. Any damages and expenses caused by graffiti, carvings, the gluing of posters and similar events.
- b. Losses due to the theft without violence or misappropriation.
- c. Breakage of windows, glass and signs.
- d. Damages and losses caused by theft with violence or attempted theft with violence and theft with intimidation to people.
- e. Damages sustained by vending machines and public telephones operated using coins or tokens.

4. Natural Phenomena

Material damages directly caused by the action of rain, storms, hail, snow, wind and hurricanes, are guaranteed providing the damage caused by these risks may not be considered as extraordinary damage in accordance with current legislation and they occur abnormally. Abnormal shall be deemed to mean:

- **In terms of rain and storms**, when rainfall of over **40 litres per square metre in the hour is registered.**
- **In the case of wind**, when winds of over 96 kilometres per hour are registered.
- **Hail, snow and hurricanes of any intensity.**

The abnormal nature of these atmospheric phenomena shall primarily be verified by the reports issued by the relevant official bodies or, in their absence, through convincing evidence provided by the insured, which shall be assessed by the loss adjusters. In the event of disagreement, the expert procedure set forth in the policy's general conditions shall be followed.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

THE FOLLOWING IS NOT COVERED:

- a. Damages in the form of leaks, filtered water, rust or damp spots.
- b. Damage when doors, windows or other openings were not closed or when their closure was faulty.
- c. The costs incurred to repair or unblock drains or other similar pipes.
- d. Damages resulting from frosts, cold, ice, waves or tides, even when these phenomena have been caused by the wind.
- e. Damages caused to items located less than 10 cm from the floor, providing that they could have been stored on shelves, in pallets or in other similar places, unless

such damage would have occurred even if the items had been located above the aforementioned height.

- f. Damages caused as a result of building and repair work on the insured business.
- g. Damages produced when the business insured is closed or without surveillance for more than 30 consecutive days.
- h. Damages to goods that are stored outdoors, even when they are protected by waterproof or other similar material.

5. Flooding

Material damages directly caused by flooding or the accidental diversion of the natural course of running water, such as canals, irrigation ditches, streams, watercourses, drains and other similar channels or pipes.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

THE FOLLOWING IS NOT COVERED:

- a. Damages directly caused by the action of river water, even when its current is broken as it bursts its normal banks due to the movement of the tides and, in general, seawater, as well as when it is caused by broken dams or breakwaters.
- b. The costs incurred to repair or unblock drains or other similar pipes.
- c. Damages caused to items located less than 10 cm from the floor, providing that they could have been stored on shelves, in pallets or in other similar places, unless such damage would have occurred even if the items had been located above the aforementioned height.
- d. Damages produced when the insured business is closed or without surveillance for more than 30 consecutive days.
- e. Damages to goods that are stored outdoors, even when they are protected by waterproof or other similar material.

6. Smoke

Material damage caused by smoke, regardless of the origin of such smoke, is covered.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

THE FOLLOWING IS NOT COVERED:

- a. Damages caused by the continuous action of smoke in the insured property.
- b. Damages caused by smoke in premises or installations other than the insured property, unless as a result of a fire.

7. Impact

Material damages caused by collision or impact of land or maritime vehicles, and/or animals, as well as of the total or partial falling of aircraft, spaceships, satellites or other airborne objects.

Damages due to the impact of goods being transported, as well as falling trees, flagpoles and radio, television and mobile telephone antennas are also included.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for buildings and/or contents.

THE FOLLOWING IS NOT COVERED:

- a. Damages caused by land vehicles owned or driven by the insurance policyholder, insured or any member of his family or employees.
- b. Damages caused to other vehicles or the contents thereof, unless they are vehicles on display to be sold.

8. Sound Waves

Material damages caused by aircraft, spaceships, satellites or other airborne objects are guaranteed.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for buildings and/or contents.

9. Spilling or Leaking of Automatic Extinguishing Devices

Material damages are guaranteed if they are caused by spills, lack of water tightness, leaks, rupture, falling, collapse or general faults in any of the parts of devices that use water or any other substance as an extinguishing element.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

THE FOLLOWING IS NOT COVERED:

- a. Damages caused to the extinguishing system, in the parts where the damage originated.
- b. Damages caused due to the use of fire extinguishing devices for other purposes.
- c. Damages caused as a result of repair, decoration or maintenance work in the insured business.
- d. Damages caused to items located less than 10 cm from the floor, providing that they could have been stored on shelves, in pallets or in other similar places, unless such damage would have occurred even if the items had been located above the aforementioned height.

10. Electrical Damages

Material damages sustained by electrical installations and the accessories thereof are guaranteed when caused by abnormal currents, short circuits, combustion or causes inherent to the operation thereof, **providing such damage is a result of electricity or the direct action of lightning**, even when no fire ensues.

■ **Insured Sum:** euros 6,000 on a first loss basis if building and/or contents are insured.

THE FOLLOWING IS NOT COVERED:

- a. Damages caused in machinery and electrical or electronic devices.
- b. Damages sustained by valves, lamps, electric and cathode tubes and lighting devices.

11. Temporary Removal

Moveable assets in the insured business are insured against the same risks as those covered by the basic covers A of this document, when such assets have been temporarily transferred from the building or premises to another similar building or premises in Spain for the following reasons:

- To be cleaned, refurbished or repaired.
- Due to the participation of the insured in trade fairs, exhibitions, conferences or professional events related to its business activities.

Cover shall be limited to a maximum of 10% of the sum insured for contents.

The extension referred to by this cover shall be exclusively extended to the optional cover B.3., providing it is expressly arranged in the schedule of the policy.

THE FOLLOWING IS NOT COVERED:

- a. Stock destined for sale purposes.
- b. Damages arising from transport, including damage caused during loading and unloading.

12. Breakage of Glass

The costs of replacing and installing glass are covered, including any transportation expenses arising due to the accidental breakage of glass, signs, windows, methacrylates and mirrors both on counters and in glass display cabinets or in any other item that is duly installed in the buildings or the enclosure of the insured premises.

In addition, any damage caused by making inscriptions on, decorating, printing or any other work carried out on insured glass, signs and mirrors is covered, providing that such damage is caused by the breakage of the piece on which the work was being carried out.

Any damage sustained by the premises and/or stock in shop windows due to the impact of broken glass is also covered.

■ **Insured Sum:** euros 1,200 on a first loss basis if buildings and/or contents are insured.

THE FOLLOWING IS NOT COVERED:

- a. Damages to the building and/or contents caused by painting, decorating or conservation work.
- b. Damages caused by assembly, dismantling or resulting from faults or installation errors.
- c. Any scratches, chips and scrapes and, in general, any other surface damages.
- d. Broken lamps and light bulbs, non-fixed decorative items, portable mirrors, audiovisual devices and/or equipment or any other similar items, including recreational and vending machines and any glass used manually.
- e. Any glass that is already broken or damaged when this policy comes into force.

A.2. Expenses and Losses associated with Material Damages

The insurer shall indemnify the insured for the following economic losses and expenses that are reasonably incurred as a result of a loss covered by the Basic Covers A.

The indemnity plus the costs and expenses described below may not, under any circumstances whatsoever, exceed the insured sum.

1. Demolition and Debris Removal Expenses

This includes moving debris to the nearest place where it is permitted to deposit it.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

2. Fire Extinguishing Expenses

Any expenses that arise from the necessary measures adopted by the authorities or the insured to stem or extinguish a fire or to stop it spreading are guaranteed, as well as the payment of any costs arising from the intervention of the Fire Department.

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

3. Costs Incurred for the Clearing and Removal of Mud as a result of Flooding

The limit on the indemnity for this guarantee shall be 100% of the insured sum for building and/or contents.

4. Any costs incurred by the insured to refill any fire extinguishing equipment used,

which the insured has had to pay for refilling used fire-extinguishing equipment.

5. Any costs incurred to obtain permits and/or licences

to rebuild the damaged property with a limit of 5% of the insured sum for building and a maximum of euros 12,000.

6. Professional Fees

The insurer shall reimburse any professional fees for architects, engineers, legal advisers or any other kinds of professionals paid by the insured in order to refurbish the insured property.

The reimbursement amount shall not exceed the current minimums stipulated by the official associations, institutions or corporations of which these professionals are members with a limit of 5% of the insured sum for structure and a maximum of euros 12,000.

THE FOLLOWING IS NOT COVERED:

Professional fees incurred for the preparation of claims of any kind.

7. Loss of Rent

When the insured is acting as a landlord, the insurer shall reimburse 100% of the rent that the insured does not receive from the tenant while work to repair the property affected by any of the losses covered by the policy is being carried out.

Cover shall be limited to a maximum of 20% of the building insured sum with a maximum indemnity period of 12 months.

8. Forced Eviction

Costs incurred due to forced eviction from the damaged premises and the need to rent other premises with similar characteristics are guaranteed while the insured business is being repaired.

This includes the transportation expenses involving in moving the entire insured contents to new rented premises. In the new location, the contents shall be insured under the same conditions.

If the insured is a tenant, the rental of the damaged property will be deducted from the indemnity.

Cover shall be limited to a maximum of 30% of the insured sum for contents with a maximum indemnity period of 12 months.

9. Replacement of Documents

Costs incurred for replacing files, maps and duly justified documents are guaranteed.

Cover shall be limited to a maximum of 10% of the insured sum for contents with a limit of euros 3,000.

THE FOLLOWING IS NOT COVERED:

The carriers of computer data and costs associated with the replacement of any kind of information contained therein.

10. Expenses incurred in the Aesthetic Reconstruction of the Building

Expenses incurred due to the aesthetic reconstruction of the insured business affected by a loss guaranteed by the covers in the policy, providing the building is insured and it is not possible to repair the insured structure with materials identical or similar to those damaged without reducing the original harmony of the property.

Said expenses shall comprise the repair, or the total or partial replacement of the property affected by the loss using materials identical or similar to the originals.

The existence of and estimate for the aesthetic damages shall be determined by the loss adjusters assigned to evaluate the damage.

The indemnity under this guarantee is conditional upon repair of the damage.

Cover shall be limited to a maximum of 5% of the insured sum for buildings with a limit of euros 3,000.

THE FOLLOWING IS NOT COVERED:

- a. Damage caused to sanitary elements.
- b. Damage due to the effect of scrapes, scratches and chipping.
- c. Damage to the outside of the building.

A.3. Claims for Damages

■ **Insured:** For the purposes of this cover, the insured is the individual or legal entity that is the titleholder of the interest that is the object of the insurance and that, in the absence of the policyholder, undertakes the obligations derived from this contract.

In addition to the insured and the policyholder, the following people, while carrying out the duties entrusted to them by the insured policyholder, shall be considered as insureds under the same conditions, except with regard to property ownership:

- **The spouse, ascendants and descendants of the insured and relatives up to the third degree of blood relation.**
- **Partners, executives, wage earners and individuals who are legally dependent on the insured.**

Object of the Insurance

The insurer undertakes, within the limits established by law and in this contract, to accept liability for any costs and expenses that may be incurred by the insured as a result of any claims made to the party responsible for the damage sustained by the insured property, in the risk situation insured by events, risks or amounts not included in the covers of this

insurance policy, **providing it does not arise as a result of a contractual relationship.**

The insurer guarantees that members of staff involved in the management of the legal advice regarding this cover shall not carry out any kind of similar activity in another area at the same time.

Benefits from the Insurer

The insurer shall pay any expenses arising from the defence of the insured's rights. The following expenses are guaranteed:

- The taxes, fees and legal costs arising from dealing with the proceedings.
- The lawyer's fees and expenses.
- The court attorney's fees and advances, **when the intervention of such is required.**
- The notary public's expenses and those arising from the granting of powers of attorney for lawsuits, as well as from the deeds, summonses and other acts required for the defence of the insured's interests.
- The fees and expenses for any loss adjusters that might be needed.

Insured Sum

The maximum amount of the insured sum, within the set limits, is euros 6,000.

All damages derived from a single cause or event and that have occurred all at the same time shall be construed as a single loss.

Procedure in Case of Loss

When a loss guaranteed by this cover occurs, the insured is entitled to request the intervention of the insurer. The insurer may only turn down this request if the insurance does not exist or it is no longer in force.

As of this time, the insured may entrust the defence of his interests to a lawyer of his own choice.

Should the insured decide not to select a lawyer as stated above, the insurer shall provide an independent professional with the approval of the insured.

The lawyer, freely assigned by the insured, and the court attorney if applicable, shall not be subject to the insurer's instructions in the performance of their work; however, they shall have to account for their management when they submit their fees and advances to the insurer, justifying their decisions regarding the suitability of valuations; experts' opinions; notarial, private investigation or any other kind of reports; approaches for claims; formal complaints or appeals. This is an essential requirement in order to justify their professional tasks and, consequently, their fees.

The insured is obliged to inform the insurer, at the request of the latter, about the situation of the proceedings.

Should the urgent intervention of a lawyer be required before a claim is made, the insurer shall likewise be liable for the fees and expenses arising therefrom.

Payment of Fees

With regards the remuneration of lawyers and, where applicable, court attorneys, the insurer shall pay an amount up to the limit set forth in the schedule, **always complying with the calculation of any agreements between the insurer and the lawyers or their official associations or, in the absence thereof, with the appropriate rules regarding fees as set by official associations, which shall be construed as the maximum limit on the insurer's obligation.**

The insurer shall not pay the costs arising from legal proceedings of any jurisdiction, when the matter is settled and the costs thereof are imposed on the other party. In this case, the professional or professionals in charge of the matter will have to claim these costs in a procedure to enforce the ruling or amicably or directly from the other party. Notwithstanding the foregoing, the insurer shall pay these costs **if the insolvency of the party ordered to pay is proved.**

The insurer shall not be liable to pay any costs regarding the membership or authorisation to operate of the lawyers, if they do not belong to the official association in the place where they have to carry out their professional activities. Nor shall the insurer be liable for travelling and accommodation expenses or allowances.

Nonconformity in the Processing of a Claim or Disagreements about the way of Settling the Claim.

When the insurer is of the view that there is no reasonable chance for success and, thus, decides not to bring a lawsuit or process an appeal, or when there are some disagreements regarding the way of resolving the claim, the insurer must inform the insured.

The insured may proceed with the judicial claim on his own behalf and shall be entitled, within the limits of the cover taken out, to be reimbursed with any expenses incurred in lawsuits and appeals filed as a result of a disagreement with the insurer, or even with the arbitration, providing a more favourable result is obtained.

Any differences that might arise between the insured and the insurer as to the contract may be submitted to arbitration. Arbitrators may not be appointed before the question in dispute has arisen.

Conflict of Interests

The insurer undertakes to inform the insured by means of a registered letter if a conflict of interest arises between them or between the insurer and another insured in this company as a result of the same loss.

In these cases, the insured shall be entitled to choose the court attorney and lawyer to represent and defend him, in any kind of proceedings and to submit any differences that may arise between him and the insurer to arbitration.

THE FOLLOWING IS NOT COVERED:

- a. The taxes or other fiscal payments required for the presentation of public or private documents before official bodies.

- b. Expenses arising from any accumulations or legal counterclaims concerning issues not comprised in the insured covers.

A.4. Assistance at the Business Premises

The following benefits shall be guaranteed by this cover:

1. Personal Assistance

■ **Insured:** The director general, manager, sole director and any people that hold the executive power of the policy-holding company during any overseas trips for the purpose of carrying out the company's normal business activities.

■ **Policyholder:** The individual or legal entity that takes out the insurance with the insurance company.

1.1 Sending a Professional Substitute

Should the insured become ill or have an accident abroad, whether at the final destination or during the journey itself, and if, according to the doctor who attends the insured together with the insurer's medical team, state that he is unable to carry out the tasks that were originally planned for the trip, the insurer shall organise for a professional substitute, assigned by the insured, to travel to the destination point and carry out the insured's business activities.

The cover shall guarantee the outward journey of the aforementioned professional substitute but **any other expenses shall be borne by the insured.**

1.2 Early Return due to Theft with Violence or Fire in the Premises

In the case of serious loss, theft with violence, attempted theft or fire in the insured business premises resulting in the total or partial cessation of the company's normal business activities, the insurer shall organise the early return of the insured to the policyholder's registered offices in Spain.

In the case that the insured must continue the business activities that were the purpose of his overseas trip, the insurer shall also be responsible for the return journey to the place where the trip was interrupted.

The same cover shall apply in the case of the death or hospitalization due to an accident or serious illness of one of the members of the management team of the policy-holding company.

1.3 Early Return due to the Death of a Member of the Management Team

Should a manager or member of the management team of the policy-holding company die during the course of a business trip and if the form of transport used or the return ticket does not allow for the date to be brought forward, the insurer shall bear the cost of transporting him to the place where the policyholder has its registered offices and, where applicable, the cost of the return ticket to the place where the insured was working at the time the incident occurred, if it is necessary for him to continue the trip for professional reasons.

1.4 Theft with Violence or Loss of Credit Cards

Should it be necessary to cancel the credit or debit cards belonging to the insured due to the theft with violence or loss thereof, the insurer shall be responsible for cancelling these cards.

The insurer does not accept any liability derived from the aforementioned cancellation or from the time period thereof.

1.5 Medical Transport in the Case of Accident or Illness

The insurer shall organise and bear the expenses of transport in an ambulance, due to an accident or serious illness suffered by the insured and/or the employees with a valid employment contract who regularly carry out their work in the business premises object of the insurance.

The insurer shall only bear the costs of this transport when the insured is not entitled to them through Social Security or another public or private institution or collective welfare system.

At all times, the service shall be provided to the nearest or most appropriate hospital **within a 50 km radius, from the registered offices of the insured business.**

1.6 Sending a Nurse to the Insured's Residence

Should the insured and/or one of his employees with a valid employment contract need, by medical prescription, to remain in bed under the care of a nurse but without need for hospitalization as a result of an accident that occurred in the business premises of the insured, the insurer shall organise and bear the cost of sending the aforementioned nurse to take care of the injured party for a maximum of 40 hours (for minimum 4 h periods).

1.7 Sending Medication to the Insured's Residence

Should the insured and/or his employees require the home delivery of medication prescribed by a doctor as a result of an accident that gave rise to the provision of the aforementioned service (1.6 Sending a nurse to the insured's residence), the insurer shall be responsible for ensuring that they reach them as quickly as possible. **The cost of this medication shall be borne by the insured and/or the employees thereof.**

1.8 Transmission of Urgent Messages

In the event of a loss guaranteed by these covers, the insurer shall be responsible for informing the insurance policyholder about what has happened and transmitting any messages that the insured might need to send.

2. Assistance Linked to the Loss

Reporting the Loss. All that is required to report a loss, is to call the telephone help service provided by the insurer, which is available 24 hours a day including Sundays and public holidays.

A telephone number and instructions on how to proceed are provided in the policy's general conditions and/or schedule.

2.1 Organisation of the transfer of insured contents to a furniture repository

When a serious accident renders the insured commercial premises completely useless, the insurer shall organise the following

- The transfer of the insured contents to other insured commercial premises.
- A furniture repository service for insured content that is not able to be moved to the provisional premises

In both cases, the transfer is limited to the municipality where the insured commercial premises are located.

THE FOLLOWING IS NOT COVERED:

- a. The transfer and/or storage of perishable or hazardous goods.
- b. Any expenses derived from this cover and, in particular, any expenses involved in moving the content and furniture repository or storage costs.

2.2 Security Personnel

Should the business premises become easily accessible from the outside as a result of theft with violence, attempted theft, robbery or any other accidental event, and should surveillance and/or custody services be required, the insurer shall send qualified security personnel at its own expense for up to a **maximum period of 48 hours**, to begin as of their arrival at the affected business premises, and this service shall end as soon as the accidental event has been resolved.

2.3 Sending of Professionals to Repair the Damage Caused by a Loss Covered by the Policy

In the case of a loss covered by the policy, the insurer shall provide the qualified professional to perform the necessary tasks to limit and control the scope of the damage until the loss adjustor arrives.

At all times, the insurer shall bear the cost of transporting the professional to the registered offices of the policyholder, and any other expense incurred in compliance with the provision shall be borne by the insured, save for those services derived from a loss covered by the policy.

When the damage exceeds the limits stipulated in this policy, the insured shall bear the cost of the labour and materials corresponding to this excess, or, should his policy include a deductible, when the damage does not exceed its cost.

2.4 Sending of Professionals to Repair the Damage Caused by Loss Not Covered by the Policy

By means of this cover, the insurer, at the request of the insured, shall inform him or put him in contact with professionals involved in the activities/sectors listed below, in order to make repairs or resolve losses not covered by the insurance policy:

- | | | |
|-------------------------|-------------------------|--------------------------|
| - Plumbers | - Joiners | - Antenna installers |
| - Gardeners- | - Glaziers | - Parquet layers |
| - Varnishers- | - Shutter fixers | - Automatic entry phones |
| - Electricians- | - Builders | - Upholsterers |
| - Painters- | - Electrical appliances | - Metalwork |
| - Television and video- | - Carpet layers | - Plasterers |

Through this cover, the insurer merely assumes the cost of the first trip of the aforementioned professionals. **In the event that the work requires further trips, these shall be borne by the insured.**

In addition, **invoices issued by the aforementioned professionals for services rendered and/or materials used shall be borne by the insured**, except for services arising from a loss covered by the insurance policy.

Repairs carried out by professionals provided by the insurer:

- Are guaranteed for three months.
- There is liability cover for the work carried out.
- A fixed rate per hour of work shall be applied. Differentiation of daytime hours (from 8 a.m. to 7 p.m.), night-time hours (from 7 p.m. to 8 a.m.) and holidays.

2.5 Emergency Electricity

When the premises or any of its adjoining buildings suffer an electrical failure due to a problem in the private installations of the insured premises, the insurer shall send, as quickly as possible, an operative to make the emergency repairs required to re-establish the electrical supply, provided the state of the installation so allows. The transportation and labour costs for this emergency repair, for up to a **maximum of 3 hours, shall be free of charge for the insured, who need only pay for the cost of any materials that might be required.**

THE FOLLOWING IS NOT COVERED:

- a. The repair of inherent malfunctions in mechanisms such as plug outlets, conductors, switches, etc.
- b. The repair of inherent problems in lighting elements, such as lamps, light bulbs, fluorescent bulbs, etc.
- c. The repair of inherent malfunctions in heating devices, electrical appliances and, in general, any other malfunction in a device that runs on electricity.

2.6 Emergency Locksmith

Should the insured be unable to enter the insured premises due to any accidental event such as the loss, misplacement or theft of keys, the rendering unusable of a lock due to attempted theft or any other cause that prevents the opening thereof. The insurer shall send, as soon as possible, a locksmith to perform the emergency repairs required to re-establish the ability to close and open said business premises. The insurer shall be liable for the transportation and labour costs arising from the work performed to open the door and any expenses arising from the eventual replacement or repair of the lock, keys or any other closure elements, **providing this damage is covered by one of the covers taken out in the policy.**

2.7 Legal Advice in Case of Theft with Violence

The object of this cover is to advise the insured by telephone about the steps to follow in the case that this event occurs (for example, reporting the event at the police station, processing judicial formalities that will be opened for such purposes, determining whether or not a lawyer is required, etc.).

Extension of the Service

In view of the possibility of the insured requesting a lawyer in a personal or independent capacity, the insured shall be offered connection to an online lawyer service. The cost of the services provided by the lawyer shall be borne by the insured.

Limitations of the Service

- Enquiries that can be dealt with verbally are covered **but any other actions subject to the payment of fees are not covered.**
- This service is available Monday to Friday from 9 a.m. to 3 p.m. However, note will be taken 24 hours a day of the policyholder and his specific enquiry and the call will be returned on the next working day.
- Enquiries that require searching in legal texts and other additional advice will be dealt with as quickly as possible and the legal service will subsequently contact the insured to settle the enquiry.

3. Information and Advice

3.1 Legal Information Service

The insurer offers the insured a telephone service providing information and legal advice.

The aim is to inform and advise the insured about the first steps to follow, from a legal point of view, in any situation in which the insured may find himself regarding the activity of the company/business premises and, in particular, the following:

Succession Rights:

What the legal heirs should do in case of death:

- Succession where there is a will.
- Succession where there is no will.
- Will executor, rights of the heirs, inventory of goods.

Consumer Defence:

- Claims against breaches in the contracting of services.
- Basic consumer and user rights.
- Information regarding the right to indemnity for any damages and losses sustained.

Tax Matters:

- Regarding corporate income tax returns.
- Regarding the purchase of real estate.
- Local taxes.
- Tax calendar.

Criminal Procedure:

- Formal complaints against insults, threats, fights, theft with violence, acts of vandalism, etc.

Employment-Related Matters:

- Dismissals, agreements, etc.

Urban Leases:

- Renting property.
- Extension of agreements.
- Causes for termination.
- Increasing the rent.
- Home-owners association.
- Purchase and sale of real estate.

This service should be solely considered as a direct line telephone service with a lawyer to receive general, preliminary legal information about the procedures to follow regarding any situation in which the insured may find himself regarding the activity of the company/business premises. Under no circumstances whatsoever should this service be considered as a substitute for a future formal consultation with a legal adviser.

All enquiries made by the insureds are covered by professional secrecy.

A total of three enquiries may be made per year.

Extension of the Service

- In addition, in view of the possibility of the insured requesting a lawyer in a personal or independent capacity, the insured shall be offered connection to an online lawyer service. **The cost of the services provided by the lawyer shall be borne by the insured.**

Limitations of the Service

- Enquiries that can be dealt with verbally are covered **but any other actions subject to the payment of fees are not covered.**
- This service is available Monday to Friday from 9 a.m. to 3 p.m. However, note will be taken 24 hours a day of the policyholder and his specific enquiry and the call will be returned on the next working day.
- Enquiries that require searching in legal texts and other additional advice will be dealt with as quickly as possible and the legal service will subsequently contact the insured to settle the enquiry.

3.2 IT Advice Service

The insurer can make use of a telephone assistance service in order to help resolve any problems regarding the use of the computer in the insured premises.

Extensions of the Service

- Should an IT technician be required to make an in situ visit to the company, the beneficiary can access an online service, **the cost of which shall be borne by the beneficiary.**
- If the problem cannot be resolved by telephone, the specialist technician can access the insured's computer via a remote system (ADSL).

Limitations of the Service

- This service will provided Monday to Friday from 9 a.m. until midnight, note of the Insured and his specific enquiry will be taken 24 hours a day, 365 days a year. However, if the call is made after 11 p.m., this service will be contact the Insured on the next working day.
- Enquiries that can be resolved verbally are covered; however, **any other actions subject to the payment of fees are not covered.**
- The maximum number of incidents shall be 6 per year.

3.3 Vehicle Rental Management Service

This service will manage vehicle rentals offering special discounts with the main companies in the sector. This cover shall be applicable in Spain and it may not be used in combination with any other promotions that the rental companies may be offering at that time.

An online reservation service will be offered in all other countries with preferential conditions according to the country in which the vehicle is rented.

The prices shown include fully comprehensive insurance with no excess and no mileage limit.

Any expenses arising from the rental service, as well as all those that may arise due to a breach of the rental agreement, a change in the rental conditions or any other matter that is not related to the reservation service provided by the insurer shall be borne by the insured.

Procedure to follow in the case that assistance is required

1. In order to request assistance, the insured must contact the insurer by the calling the telephone numbers provided in the schedule of the policy or on the assistance card and provide the following details:
 - Full name.
 - Insurance policy number.
 - Where he/she is.
 - Contact telephone number.
 - Type of assistance he/she requires and degree of urgency.

Under no circumstances, shall assistance provided for services not related to the insurer be reimbursed.

2. To report a loss by telephone, the insured can call the telephone numbers stipulated in the schedule of the policy or the assistance card, 24 hours a day, including Sundays and public holidays, providing the following details:
 - Insurance policy number.
 - Full name.
 - Description of the loss.
 - Registered offices of the risk.
 - Contact person and telephone number.

B. OPTIONAL COVERS

The guarantees described below are included in the cover of this insurance policy, providing that they are expressly stated in the schedule.

B.1. Automatic Cover for Goods

In order to ensure that the insured sum is automatically enough to cover the maximum value of goods in the insured business premises when the average is exceeded, the insurer guarantees, without prior notice by the insured, **a margin of 30% over the insured sum for stock.**

The stock sum insured corresponds to the average of the days in which there was the largest amount of stock in each of the twelve months prior to the effective date of the insurance policy or its subsequent annual renewals.

The extension referred to by this cover shall be extended to the cover B.3., providing it is expressly arranged in the schedule of the policy.

B.2. Deterioration of Goods in Refrigerating Appliances

Any damages or losses are guaranteed if they are a result of the deterioration or decay of goods stored in cold stores, refrigerators and/or freezers installed in the insured premises caused by the following:

- Breakdown of the cold store or refrigerating appliance or any of its components.
- Increase or decrease in the temperature as a result of a breakdown in the cold store or refrigerating appliance or an inherent fault.
- Accidental leak of coolant liquids or gases.
- Faults in the electricity supply lasting over 6 hours.
- Stoppage of the cold store or refrigerating appliance due to any risk covered by the insurance policy.

■ **Insured Sum:** On a first loss basis up to the insured sum given in the schedule.

A deductible of 10% per loss shall be applied to the indemnity amount with a minimum of euros 100.

THE FOLLOWING IS NOT COVERED:

- a. Damages or deterioration as a result of the faulty or inadequate packaging or storage of stock.
- b. Inherent faults or the natural decay of the stock.
- c. Damages sustained because the stock was not in perfect condition when it entered the cold store, refrigerating appliance or freezer.
- d. Loss of weight.
- e. Damages as a result of relays, thermometers and thermostats breaking down.
- f. Damages sustained by stock while the establishment was closed for more than 96 hours.
- g. Damages as a result of any loss insured by the basic covers A.1. and A.2., regarding damages to building and contents, set forth in these general conditions and by the

optional cover B.3., regarding theft with violence and theft with intimidation.

- h. Damages due to lack of maintenance or the obsolescence or natural wear and tear of machinery.

B.3. Theft with Violence and Theft with Intimidation

1. Theft with Violence and Theft with Intimidation to building and Contents

This cover guarantees any material damages or losses suffered by the insured due to the destruction, disappearance, deterioration or damages caused to the insured property as a result of theft with violence, theft with intimidation or attempted theft.

Cover shall be limited to a maximum of 100% of the insured sum for building and 100% of the insured sum for contents, if the latter was insured at full value and up to the agreed percentage if it was insured at partial value.

If the building is not insured, **any damage sustained by the building shall be guaranteed for up to a maximum limit of 10% of the insured sum for contents with a maximum of euros 6,000.**

In addition, the theft with violence of stock displayed in shop windows or facades with glass exteriors is included. **Cover shall be limited to a maximum of 10% of the insured sum for contents with a limit of euros 3,000 for all of the shop windows or facades with exterior glass, when the theft with violence is committed from outside without entering the insured business premises.**

2. Theft with Violence and Theft with Intimidation of Cash in the Insured Premises

- In safes.

Cover shall be limited to a maximum of 5% of the insured sum for contents with a limit of euros 3,000.

- In cabinets locked with a key, cash registers or vending machines.

Cover shall be limited to a maximum of 2% of the insured sum for contents with a limit of euros 350.

3. Theft with Intimidation to Customers, Employees, Visitors or the Insured in the Business Premises

Cover shall be limited to a maximum of 5% of the insured sum for contents with a limit of euros 200 per person and euros 2,000 in total.

4. Theft with Violence, Theft with Intimidation, Loss and Accidental Damage caused to Keys

Theft with violence, theft with intimidation, loss and any accidental damage caused to the keys for doors and exterior metal shutters, safes and the alarm in the insured business premises and the replacement of locks, when necessary.

Cover shall be limited to a maximum of 2% of the sum insured for contents with a limit of euros 325 per loss.

5. Theft with Intimidation of Fund Transporters

The theft with intimidation of cash while it is being transported, **providing the cash is transported by the insured, collectors or employees that work for the insured.**

Cover shall be limited to a maximum of 5% of the insured sum for contents with a limit of euros 1,500.

THE FOLLOWING IS NOT COVERED:

- a. When the security measures set forth in the policy were not in place or the alarms stipulated therein were not activated at the moment when the acts of theft with violence or theft with intimidation took place in the insured business premises.
- b. Losses and theft without violence or misplacement of any kind, not including the cover for the accidental loss of keys.
- c. Any objects that are outside the insured business premises or in adjoining buildings, such as terraces, patios, gardens, not including signs, awnings and temporarily displaced goods.
- d. Any loss resulting from an act of gross negligence by the insurance policyholder, insured or any people on which these parties depend or with whom they live or when such people are the perpetrators, accomplices or concealers of theft with violence and/or theft with intimidation.
- e. Theft of motor vehicles or the trailers thereof, unless these are construed as part of the insured business's stock.
- f. Theft with violence committed when the insured business premises was closed or without surveillance for more than 30 consecutive days.
- g. Events insured by the cover for theft with intimidation to fund transporters when the people responsible are found to be in a state of intoxication or under the influence of drugs, toxic substances or narcotics, not provoked by criminals.
- h. Glass in doors, windows and/or shop windows.

B.4. Employee Dishonesty

This cover guarantees any theft, fraud, misappropriation, embezzlement, falsification or undue procurement of cash, cheques, cards, securities or goods committed by employees that work for the insured in the exercise of the duties assigned to them, the identification of which will be set forth in the schedule of the insurance policy.

The employee or employees that commit the punitive act must be registered for compulsory occupational accident insurance for this cover to take effect.

To be entitled to indemnity for this cover, the insured must report the event to the competent authority and enter into legal proceedings and the competent authority must have declared the alleged guilty or convicted by means of a firm ruling in the legal proceedings or trial.

This cover is guaranteed on a first loss basis up to the insured sum set forth in the schedule.

A deductible of 10% per loss shall be applied to the amount of the indemnity with a minimum of euros 120.

THE FOLLOWING IS NOT COVERED:

- a. Any acts of theft or embezzlement due to the gross negligence or serious fault of the insured or the representatives thereof.
- b. The actions of employees following instructions given by the insured.
- c. Any acts of dishonesty of which the insured is unaware after a period of six months from the date on which the offence was committed.
- d. Any acts of dishonesty that do not lead to the dismissal of the employee or employees that committed the offence.

B.5. Consequential Losses

This cover guarantees economic losses caused by the temporary, total or partial cessation of the activities of the insured business as a result of a loss guaranteed by:

- Cover A.1 set forth in section 1 to 10 and cover B.3, "theft with violence and theft with intimidation", if this has been contracted.

1. Definitions

The following definitions are provided for the purposes of this cover:

■ **Indemnity Period:** The period that begins on the day of the loss and that is limited to the length stipulated in the general conditions or schedule of the policy, during which time the company's profits are affected by the loss.

■ **Gross Profit:** The amount of the difference between the total annual sales of the insured business and the total purchases made in the same period.

■ **Gross Profit Percentage:** The percentage that represents the gross profit over the insured business's total sales.

■ **Permanent General Costs:** The costs that do not directly vary according to the business activities of the insured business and which, therefore, stay the same despite the total or partial interruption of business activities caused by the loss.

2. Types of Policies

The type of policy taken out shall be set forth in the schedule.

- 1. Daily Indemnity:** The insurer shall pay the insured the daily amount agreed in the schedule of the policy for every working day on which the business activities of the insured business are interrupted, in proportion to the level of cessation of these activities.

The form of insurance in this type of policy is **on a first loss basis**.

- 2. Lost of Profits:** The insurer shall indemnify the economic loss due to the reduction of gross profits experienced by the insured as a result of the interruption of his business activities.

■ **Insured Sum:** The insured sum is that agreed in the schedule of the policy, which should correspond to the annual gross profit.

- 3. Permanent General Costs:** the insurer shall indemnify the permanent general costs borne by the insured during the interruption of his business activities.

■ **Insured Sum:** The insured sum is that agreed in the schedule of the insurance policy, which should correspond to the annual amount of permanent general costs.

Maximum Indemnity Period: That set forth in the schedule of the policy.

■ **Deductible:** A deductible of two working days per loss shall be applied as from the date of the loss.

THE FOLLOWING IS NOT COVERED:

- Any delays in opening the business premises that are not strictly related to repairing the damage caused by the loss guaranteed by this cover.
- Indemnity for consequential losses when the insured business premises does not resume its business activities after the loss, unless such delay is due to “fuerza mayor”, in which case the insurer shall indemnify the permanent general costs incurred or the daily indemnity agreed until the time that it became evident that it was not possible to resume business activities.

Notwithstanding the foregoing, if, due to “fuerza mayor”, the insured is unable to resume business activities in the same insured location, the cover of this insurance policy shall be extended to the reinstallation of the business in different business premises in Spain. In this case, the indemnity period shall not take effect until the work to reinstall the business in a new location begins.

- Indemnities for consequential losses for any losses that occurred during the voluntary or forced cessation of the insured business premises.
- From the moment the business goes into liquidation or temporary receivership or bankruptcy or seizure is declared or the company enters into an arrangement with creditors whether judicial or not.

B.6. Machinery Breakdown - Electronic Equipment

By means of this cover, the insurer shall indemnify the insured for any direct material damages or losses sustained by insured machinery, **providing such machinery is listed in the schedule of the policy**. This cover is subject to the following conditions:

When there is no maintenance agreement in force regarding the insured machinery, the cover shall only take effect for the following:

1. The lack of skill or negligence of the insured or his staff and acts of ill intent by the insured's staff or any other unknown third parties.
2. The direct action of electricity, such as abnormal currents, short circuits, combustion, high voltage, lack of insulation, arc lamps, electromagnetic phenomenon and any other similar effects.
3. Damages sustained by goods as a result of lightning, even when no fire ensues.
4. Falling objects, impacts, collisions due to accidental events.
5. The leaking of liquids and the insertion of foreign bodies into insured machinery due to accidental events.

When there is a maintenance agreement in force regarding the insured machinery, in addition to that set forth in points 1 to 5, the cover shall also extend to the following:

6. Building and assembly defects and smelting or material faults.
7. Others accidents due to causes inherent to the functioning of the insured machinery.

Cover shall be limited to the insured sum agreed in the schedule. **The insured sum for each piece of machinery should be equal to its replacement value**, understanding such value as the amount required to purchase a new machine of the same type and capacity, including transportation and assembly expenses, customs duties, if applicable, and any other item that has a bearing on such machinery.

A deductible of 10% per loss shall be applied to the indemnity amount with a minimum of euros 60 and a maximum of euros 300.

THE FOLLOWING IS NOT COVERED:

- a. Fire, the direct impact of lightning, explosions (including any damages caused by extinguishing or salvage operations), theft and any damages that may be guaranteed by other covers in this policy, even if they have not already been contracted but could have been expressly taken out.
- b. Damages and losses caused by defects or faults already existing when the insurance was taken out.
- c. Aesthetic defects, such as scratches on painted, polished or glazed surfaces.
- d. Damages and losses caused by the natural wear and tear of insured property or due to the gradual action of atmospheric, chemical, heat or mechanic effects.

- e. Experiments, trials or tests during which more force is exerted on the insured machinery than normal.
- f. Damages or losses for which the manufacturer or supplier of the insured machinery is legally or contractually responsible.
- g. Damages or losses caused by light bulbs, valves, tubes, straps, belts, cables, chains, brushes, gaskets, ropes, fuses and any other items that wear away quickly. Notwithstanding the foregoing, the damages or losses caused to these items shall be guaranteed if they occur as a result of an insured loss sustained by other components in the insured machinery.
- h. Any kind of damages or losses that occur as a result of the loss, such as lack of rental or use, suspension or cessation of work, breach or termination of agreements, contractual fines and, in general, any resulting damages or losses of revenue and liability of any kind.
- i. Damages sustained by any insured machinery when it is used after the loss has occurred and/or before the final repair work has been completed.

B.7. Civil Liability

The following definitions are provided for the purposes of this guarantee:

■ **Third Parties:** Any individual or legal entity other than:

- The insurance policyholder or the insured.
- The spouse, ascendants and descendants of the insurance policyholder and the insured.
- Individuals who live at the residence of the insurance policyholder or the insured, without any sort of related economic relationship.
- Partners, directors, executives, wage earners and individuals who are, legally or in fact, dependent on the insurance policyholder or the insured, while acting in the sphere of said dependency.
- Legal entities, subsidiaries or parent companies of the insured or those in which the policyholder or the insured have the controlling shareholding.

■ **Insured Sum:** The limit on the indemnity per insurance annuity to be borne by the insurer, representing the maximum amount to be paid for all reasons, regardless of the number of injured parties and cost of the indemnities.

■ **Loss:** All harmful events, the consequences of which are guaranteed by this cover, for which the insured could be held civilly liable and which is derived from the business activities carried out in the insured business.

All damages due to a sole original cause, independently of the number of claims placed, shall be considered to constitute one single loss.

■ **Limit per Loss:** The maximum sum the insurer undertakes to pay for all indemnities and expenses corresponding to a single loss, independently of the number of injured parties.

■ **Limit per Victim:** The maximum sum the insurer undertakes to pay to the injured party or to his or her entitled dependents for all of the damage caused.

Should various parties be injured as a consequence of a single accident, the limit established in the policy shall be applied to each one of the victims, and the sum established in the policy for such purposes shall be the limit per loss.

■ **Bodily Injury:** Physical injuries or death caused to individuals.

■ **Material Damage:** The destruction or deterioration of things and/or animals.

■ **Consecutive Damage:** The economic loss directly stemming from a bodily injury or material damage indemnifiable by the policy, suffered by the claimant of said economic loss.

■ **Pollution:** Any disturbance in the natural state of the air, the water, the ground or the flora and fauna caused by emissions, leaks, spillage, escapes or dumping from the insured business, when, as a result of such disturbances, people, property or the ecosystem is harmed.

■ **Products:** Animals, objects or items made or supplied by the insured.

■ **Work:** Work or services provided by the insured to a third party.

■ **Delivery:** The final or provisional distribution to a third party of the product or work carried out by the insured. The delivery will be deemed to have been made when the insured loses the ownership rights over the goods or work.

Benefits from the Insurer

In accordance with the conditions of the cover, the following shall be borne by the insurer:

- Payment to the injured parties or their entitled dependents of the indemnities arising from the civil liability of the insured.
- Payment of the bail bonds required of the insured to guarantee his civil liability.
- Payment of legal costs and expenses.
- Payment of the fees of the professionals entrusted with the legal defence of the insured facing the claim of the injured party.
- Any extra-judicial expenses inherent in the loss that the insured might incur, provided said expenses were **incurred with the consent of the insurer**.

Territorial Scope of the Cover and Jurisdiction

This cover is extended and limited to those liabilities which could be recognized by the Spanish Courts and that are derived from damage occurring in Spain.

1. Public Liability

Scope of the Cover

The insurer guarantees the insured the payment of the indemnities for which he might be civilly liable, pursuant to current legal regulations, as a result of bodily injuries, material

damage or damage caused involuntarily to third parties by events occurring in the business activities of the insured business premises.

Scope of the Cover in terms of Time

The policy covers civil liability derived from damage sustained during the valid term of the policy, for which claims are made during the time the policy is in force, and up to a maximum period of twelve months from its termination or cancellation.

THE FOLLOWING IS NOT COVERED:

Claims arising from:

- a. Work carried out outside the business premises even if such work was necessary and was carried out in connection with the normal business activities of the insured business.
- b. Economic losses that are not the direct consequence of a bodily injury or of material damage guaranteed by the policy.
- c. Damages sustained by property or animals that, for whatever reason (deposit, use, repair, handling, transformation, transport or other) is in the power, custody and control of the insured or of individuals for whom he is legally liable.
- d. Damages sustained by goods or people on which the insured, or individuals for whom he is legally liable, were working directly.
- e. Derived from the ownership, holding or use by the insured of motor vehicles and from any trailer or incorporated elements, due to traffic accidents, as regulated by current legislation concerning the circulation of motor vehicles. Notwithstanding the foregoing, industrial vehicles and self-propelled machinery shall be object of the cover, providing compulsory Motor insurance is not required for the use thereof.
- f. Any obligation contractually undertaken by the insured in excess of the legal civil liability.
- g. Damages derived from any actions, oversights or errors that originate in the extraction, transfusion and/or preservation of blood or blood plasma and any negligent acts that result in the acquisition, transmission or contagion of Acquired Immune Deficiency Syndrome (AIDS) or the pathogenic agents thereof or those that are derived therefrom.
- h. Damages sustained by any premises or installations that the insured occupies for his use or as a tenant.
- i. The ownership, possession, holding or use by the insured of any artefacts, aircraft or boat for navigation or airborne or waterborne objects, as well as any damage caused by these items.
- j. Claims lodged against the qualified personnel that provided services or work, such as projects, experts' opinions, interventions, consulting and other activities carried out by medical practitioners, for damages caused as a result of their professional performance.

- k. Damages sustained by people that are not dependent on the insured, and whose business activities serve the insured's business activities, such as subcontractors.
- l. Products supplied or work carried out by the insured after the delivery thereof.
- m. Work-related accidents and/or occupational disease suffered by the insured's staff and damages to health caused by tobacco.
- n. Damages caused by pollution.
- o. Refurbishment, extension and maintenance work in the installations of the insured business, when the estimate for carrying out such work is more than euros 12,000.

2. Product Liability

Scope of the Cover

Overriding any provision to the contrary, the insurer guarantees, pursuant to the limits and conditions stipulated in the policy, any civil liability that might correspond to the insured in accordance with current regulations as a result of bodily injuries, material damages or damage caused involuntarily to third parties by products delivered by the insured.

A deductible of euros 60 per loss with material damage shall be applied.

Scope of the Cover in terms of time

For the purpose of this cover, the insurer guarantees any liability that the insured may encounter providing:

- **The products that cause the damage were delivered after the policy came into effect and during the valid term thereof.**
- **The damage occurs during the valid term of the policy and the insurer is informed of the claim during the valid term thereof or up to twelve months after the termination or cancellation of the policy.**

THE FOLLOWING IS NOT COVERED:

Claims arising from:

- a. Damages or defects sustained by the products marketed by the insured and any expenses arising from the inspection, repair, replacement, withdrawal or loss of use of the products.
- b. Damage, defects or inadequacy of the products that may be attributed to the manufacturer.
- c. Expenses arising from the return, withdrawal from the market or refund of faulty products.
- d. When the product does not fulfil the purpose for which it was made nor does it display the advertised qualities and, consequently, the functioning and the results thereof are ineffective or inadequate.

- e. Damages sustained by goods and products of third parties that were made using an indivisible blend or mix of products supplied by the insured or which the insured was involved in making.
- f. Any costs arising from the repackaging, transfer and new packing of products due to a fault in the packaging, packing, cap or lid made and/or supplied by the insured.
- g. Damages that products could cause when they do not have the relevant legally required permit or if they do have such a permit for a certain use or application but are used for other purposes not provided for in the relevant authorisation.
- h. Damages due to product defects that the insured is aware of prior to delivery.
- i. Damages that occur after the expiry date of the product or ten years after the delivery thereof, even if the insurance policy is still in force.
- j. Any causes of liability exemption provided for in the current legislation in this area.
- k. Damages arising from the voluntary nonobservance of legal provisions and official regulations or a lowering of the safety conditions, control or trials initially established for the manufacture of the product.

3. Employer's Liability

For the purposes of this guarantee, the following definitions shall be used:

■ **Third Parties:** Workers of the insured included in the payroll and registered for compulsory occupational accident insurance.

Scope of the Cover

Overriding any provision to the contrary, the insurer guarantees any civil liability that might correspond to the insured pursuant to current regulations as a result of bodily injuries suffered by workers during the practice of their work.

Scope of the Cover in terms of Time

This cover shall solely guarantee the financial consequences of any liability that may correspond to the insured due to accidents that occur during the valid term of the insurance policy, providing the insurer is notified of the occurrence of damages during the valid term of the policy or within a period of twelve months following the termination or cancellation thereof.

THE FOLLOWING IS NOT COVERED:

Claims arising from:

- a. Events not deemed to be work-related accidents or that are excluded from the cover provided by occupational accident insurance.
- b. Workers who have not been registered for compulsory occupational accident insurance.

- c. Breaches of work and social welfare obligations, whether contractual or legal, that fall under the competence of social jurisdiction.
- d. Accidents suffered by workers while travelling between the place of work and their residence, as well as during the course of any trips they might make for work-related reasons.
- e. Indemnities and medical care expenses for occupational illnesses or for illnesses contracted by the worker as a result of carrying out his job, as well as for heart attacks, thrombosis, cerebral haemorrhage and any other illnesses with similar causes or origins and damages to health caused by tobacco.
- f. Liabilities derived from conducts classified as grave violations in a work inspection, as well as fraudulent or repeated breaches of occupational safety and hygiene regulations.
- g. Liabilities attributable to contractors and subcontractors not construed as the insured under this policy.
- h. Material damage caused to property owned by the workers of the insured business premises.

4

RISKS EXCLUDED FROM ALL GUARANTEES

Any losses, damages, expenses and liabilities directly or indirectly caused by the following are not covered by this policy and shall lead to the exclusion of the application of all the covers set forth herein:

- a. Bad faith on the part of the insured or individuals for whom he is legally liable, which arise from the deliberate perpetration of an offence or from the voluntary infringement or breach of the legal provisions governing the business activities of the insured business.
- b. Losses that occur outside the location stipulated in the schedule as the premises of the insured business, notwithstanding that set forth in some specific covers.
- c. Losses caused by the mechanical, thermal or radioactive effects of transmutations or nuclear reactions, regardless of their cause, and any losses in value or the ability to take advantage of goods as a result of the aforementioned effects, as well as any expenses arising from the decontamination, search or recovery of radioactive isotopes, of any kind and application, as a result of a loss.
- d. Civil or international war, even when they have not officially been declared, popular or military uprisings, insurrections, rebellions, revolutions and military operations of any kind.
- e. The confiscation, nationalisation or seizure by or under the orders of any government, legally or in fact, or any local or public authority.
- f. Any events or phenomenon covered by the Insurance Compensation Consortium, even when this body does not accept the insured's right due to breach of any of the rules set forth in the regulations and legal provisions in force on the date of

the occurrence and any damages sustained by the insured property that are classified as a catastrophe or national disaster by the Spanish government.

Under no circumstances shall the insurer advance any sum as an indemnity for any loss covered by the Insurance Compensation Consortium. The differences between the cost of any damages sustained and the amounts indemnified by the Insurance Compensation Consortium arising from the application of deductibles, deductions or conditions of average and/or other limitations are not covered.

- g. Corrosion, pollution and/or contamination when they occur as a result of a loss sustained outside the insured property, unless the damage is caused by smoke as a result of a fire.
- h. The use or wear and tear of the insured property and the normal or gradual deterioration thereof due to atmospheric or climatic conditions, rusting, erosion, corrosion, fermentation and humidity.
- i. Damage caused by moths, worms, termites or any other kind of insect or rodent.
- j. Abnormal settlement movements, contraction or expansion, unless it occurs as a result of a fire, explosion, implosion or lightning.
- k. The falling, collapse or cracking of buildings, unless it occurs as a result of a cause covered by the insurance policy.
- l. Indirect losses of any kind sustained as a result of a loss, unless they are covered by that set forth in cover B.5. - Consequential losses.
- m. Any damages sustained by goods or caused by risks that should be covered by compulsory insurance at the time of the loss.
- n. Fines and sanctions imposed on the insured, as well as any pecuniary surcharges on the benefits established in current legislation.
- o. Any liability derived from the existence, exploitation, manipulation, transformation, manufacture, sale, distribution, storage or use of pure asbestos, asbestos products and/or products containing asbestos.

5

AUTOMATIC ADJUSTMENT

1. Concepts to Which it Applies

The effects of the adjustment are applicable solely to the sum insured and, thus, **do not apply to the fixed amounts established as limits on cover, nor to percentage limits or deductibles.**

The sums insured and net premium corresponding to the basic covers set forth in Article 3 and the optional covers B.2., B.3., B.5.2, B.5.3 and B.6., shall be modified upon each maturity in accordance with the fluctuations in the General Consumer Price Index published by the National Statistics Institute.

This adjustment shall not be applicable to floating goods or the insured sum for the lost revenue cover when an automatic fluctuation margin is agreed in the schedule of the policy.

2. Readjustment

The new insured sums and annual net premium shall be established at each maturity by multiplying those contained in the policy by the value obtained by dividing the Maturity Index by the Base Index.

The following definitions are used:

Base index: The General Consumer Price Index published by the National Statistics Institute corresponding to the last month of June prior to the date of issue of the policy and obligatorily recorded in it.

Maturity index: That indicated on each premium receipt corresponding to the month of June prior to the annual maturity of the policy and published by said organization.

3. Average Rule

The value of the insured interest at the time of the loss shall be calculated according to that set forth in the Insurance Contracts Act 50/1980, and, **where necessary, the average rule included in Article 21 of these general conditions shall apply.**

4. Compensation of Capitals

It is expressly agreed that, should there exist, at the time of the loss, a surplus in the insured sum for building or contents, said surplus will be applied to whichever heading might be insufficiently insured, provided that the total premium obtained upon applying the respective rates to the new distribution of insured sums does not exceed that paid by the insurance policyholder for the annuity underway.

Once the respective insured sums have been thus established, the normal liquidation of the loss shall be proceeded to, in accordance with the terms of the policy's general conditions.

This compensation shall only apply to property corresponding to a single risk situation.

CONTRACT BASES

6

DECLARATIONS OF RISK

- The application and questionnaire filled out by the insurance policyholder, as well as the insurer's proposal form, where applicable, together with this policy, constitute a single whole, the foundation of the insurance, which only covers, within the accorded limits, those risks specified therein.
- Should the policy's content differ from the proposal form or from the agreed clauses, the insurance policyholder can protest to the insurer, within a period of one month as of the date on which the policy is handed over, for him to rectify the existing divergence. Should said period elapse without any protest having been made, the terms of the policy will apply.
- The insurance contract and its modifications must be formalized in writing.

7

INFORMATION WHEN ARRANGING THE INSURANCE, WITHHOLDING OR MISREPRESENTATION

- This policy has been arranged based on the declarations made by the insurance policyholder, according to the proposal form and questionnaire that he submitted to the insurer and which were used for the latter's acceptance of the risk, the undertaking of the contractual obligations for the Insurer and the establishment of the premium.
- In case of withholding or misrepresentation of information on the part of the insurance policyholder, **the insurer may rescind the policy through a statement addressed to the insurance policyholder or the insured within a period of one month as of the time it learns of said withholding or misrepresentation. As soon as the insurer makes this statement, the premiums corresponding to the period underway shall remain in its property, unless there is wilful misconduct or serious fault on its part.**
- **Should the loss occur before the insurer has made the declaration explained in the previous paragraph, the benefits it provides will be reduced in the same proportion existing between the premium listed in the policy and that which actually corresponds in accordance with the true nature of the risk. When the withholding or misrepresentation is due to wilful misconduct or serious fault on the part of the insurance policyholder, the insurer shall be released from its obligation to pay the benefits.**

8

INFORMATION AND VISITS

- The insurance policyholder or the insured are obliged to inform the insurer in advance of the existence of any other policies they have contracted with other insurers that cover any of the same interests for an identical period of time.

- The insurer reserves the right to visit the insured risk throughout the term of the policy. The insured is obliged not to bar the entrance to those people assigned by the insurer for this purpose and to provide it with any data, information and documents it might request.

9

IN CASE OF AN INCREASE IN RISK

The insurance policyholder or the insured must, over the term of the contract, inform the insurer, as soon as possible, of any circumstances that increase the risk and are of such a nature that, had they been known to the insurer when the contract was formed, it would not have been executed or would have been executed under more limited conditions.

10

POWERS OF THE INSURER WHEN THERE IS AN INCREASE IN RISK

- Should, during the term of the policy, an increase in risk be communicated to the Insurer, the Insurer may propose a modification of the conditions of the contract within a period of two months to begin the day on which it receives notice of the aggravating circumstance. In this case, the insurance policyholder shall have fifteen days, upon receipt of this proposal, to accept or reject it.
- In case of rejection or silence on the part of the insurance policyholder, **the insurer may, once said period has elapsed, terminate the contract, providing prior notice to the insurance policyholder** and giving him a new period of fifteen days to respond, after which, and within the following eight days, it shall communicate the definitive termination to the insurance policyholder.
- The insurer may likewise terminate the policy notifying the insured of this decision in writing within one month as of the day on which it received notice of the increase in risk.

11

CONSEQUENCES OF NOT REPORTING AN INCREASE IN RISK

- Should a loss occur when no declaration of an increase in risk has been made, the insurer shall be released of its obligation to provide benefits if the policyholder of the insurance or the insured has acted in bad faith. **Otherwise, the benefits provided by the insurer will be reduced proportionally to the difference between the premium charged and that which would have applied had the true magnitude of the risk been known.**
- When there is an increase in the risk during the valid term of the policy giving rise to a higher premium, and when the contract has been cancelled for this reason, if this increase is attributable to the insured, the entirety of the collected premium shall correspond to the insurer. If the aggravating circumstance is the result of causes

beyond the control of the insured, the insured shall be entitled to a refund of the portion of the paid premium corresponding to the period yet to elapse.

12 IN CASE OF DECREASE IN RISK

- The policyholder or insured may, over the term of the contract, inform the insurer of all those circumstances that decrease the risk and are of such a nature that, had they been known by the Insurer when the contract was formed, it would have been executed under more favourable conditions for the policyholder.
- At all times, upon finalization of the insurance period covered by the premium, the insurer shall reduce the cost of the future premium by the corresponding proportion, and, should it not, the policyholder shall be entitled to the cancellation of the policy and the reimbursement of the difference between the paid premium and that which would have corresponded to him to pay from the moment at which the decrease in the risk was communicated to the insurer.

13 IN CASE OF TRANSFER

- In case of transfer of the insured object, the purchaser subrogates, as of the moment of the transfer, the rights and obligations that corresponded to the previous titleholder in the policy.
- The insured is obliged to inform the purchaser in writing of the existence of the policy for the transferred object. Once the transfer has been verified, he or she must also communicate this in writing to the insurer or its representatives in a period of fifteen days.
- The purchaser and the previous titleholder, or, in case of his or her demise, his or her heirs, shall be jointly and severally liable for the payment of the premiums due at the time of transfer.
- **The insurer may terminate the contract within a period of fifteen days from the day on which it is notified of the verified transfer.** Once it has exercised its right and notified the purchaser in writing, the insurer is obliged for a period of one month as of the notification. The insurer must reimburse the portion of the premium corresponding to the insurance period for which, as a consequence of the termination, it has not borne any risk.
- The purchaser of the insured object may also rescind the contract if he or she communicates this in writing to the insurer within a period of fifteen days upon learning of its existence. In this case, the insurer acquires the right to the premium corresponding to the period that would have begun when the termination occurs.
- These same rules shall apply for cases of death, temporary receivership, debt reduction and grace periods, bankruptcy or insolvency proceedings on the part of the insurance policyholder or insured.

14 EXECUTION AND EFFECTS OF THE CONTRACT

- The insurance contract is executed by consent, as evidenced through the subscription of the policy or the provisional cover document by the parties hereto. **The contracted cover and its modifications or additions shall not take effect until the receipt for the premium has been paid**, unless agreed otherwise in the policy schedule.
- **In case of delay in meeting these requirements, the obligations of the insurer shall begin as of midnight on the day on which both have been met.**

15 PERIOD OF COVER OF THE INSURANCE

- The policy's guarantees shall come into force as of the date and time indicated in the schedule thereof.
- Upon expiration of the period indicated in the schedule of the policy, it shall be construed as having been extended for a period of one year, and so on, successively, with the expiration of each annuity.
- Both parties may oppose the contract's extension by providing written notice to the other party at least two months before the conclusion of the insurance period currently underway.
- Tacit renewal is not applicable to insurance contracted for periods of less than one year.

16 PAYMENT OF THE PREMIUM

1. Time of payment

The policyholder must pay the first premium or sole premium upon execution of the contract. Any subsequent premiums shall be paid on their corresponding due dates.

If the policy is not to enter into force immediately, the insurance policyholder may delay payment of the premium until the time it is to take effect.

2. Place of Payment

Should no place for the payment of the premium be stipulated in the policy schedule, it shall be understood that payment is to be made at the residence of the policyholder.

3. Consequences of Non-Payment of the Premium

If, because of the policyholder, the first premium is not paid, or the single premium has not been paid by its maturity, the insurer shall be entitled to terminate the contract or demand payment of the outstanding premium based on the policy. **At all times, and**

unless otherwise agreed in the schedule, if the premium has not been paid before a loss occurs, the insurer shall be released from its obligations.

In case of failure to pay any of the following premiums, the insurer's cover shall be suspended one month after the date it came due. If the insurer does not demand payment within a period of six months following the date a premium comes due, the contract shall be understood to have been terminated.

In any case, the insurer, when the contract is suspended, may only demand payment of the premium underway.

If the contract has not been resolved or terminated in accordance with the previous paragraphs, the policy's cover shall take effect anew at midnight on the day the insurance policyholder pays the premium.

17

LOSSES - PROCESSING

1. In case of losses due to risks guaranteed by the policy, except for civil liability:

As soon as the loss occurs the policyholder or insured shall employ all means at his or her disposal to save the insured property and lessen the consequences of the loss.

The policyholder, the insured or the beneficiary shall inform the insurer of the occurrence of the loss within a maximum period of seven days as of the date on which they learn of it, unless a longer period has been agreed in the policy, and the insurer may file a claim for the damages caused by any failure to make this declaration, except when it can be shown that it had knowledge of the loss through other means.

Once the loss has occurred, and within a period of five days from the notification described in the preceding paragraph, the policyholder or the insured shall inform the insurer in writing of the list of objects existing at the time of the loss and the list of those which were saved, indicating their value and an estimate of the damage.

The policyholder or the insured is also obliged to **inform the insurer and when necessary, any legal authorities in the place where the loss occurred**, of the date and time of the loss, its duration, any known or presumed causes, the means used to lessen its consequences, the circumstances under which it occurred, the type of property that was damaged and the approximate cost of any damages derived from it.

The policyholder or the insured must send the insurer an authentic copy of the proceedings of the legal declaration within a period of five days, as of its notification, accompanied by the list of all of the insured property existing at the time of the loss that was destroyed, deteriorated or salvaged, indicating its value.

2. In Case of loss in the Optional Cover Regarding the Deterioration of Goods in Refrigerating Appliances:

When there are faults in the electricity supply, the policyholder, insured or beneficiary must provide a receipt from the company or the authorised person indicating the hours during which the electricity supply was cut off.

3. In Case of Loss due to Theft with Violence, Theft with Intimidation or Employee Disloyalty:

The insured is obliged to take all the measures at his disposal to limit or reduce the damage, doing everything in his power to recover the property that has disappeared and preserving any evidence of the crime or its perpetrators until the incident has been duly verified.

The policyholder, insured or beneficiary must report the occurrence of the loss to the police authorities, as soon as possible, indicating the insurer's name.

4. In Case of Loss Giving Rise to Claims for Civil Liability:

The policyholder and the insured shall be obliged to take all those measures that favour their defence before the liability claims and must be as diligent in carrying them out as they would in the absence of any insurance. Likewise, they shall inform the insurer, immediately upon receipt or, at most, within a period of forty-eight hours, of any legal or administrative notice that comes to their knowledge and might bear any relation to the claim.

Neither the insured, nor the policyholder, nor any other person acting in their name, may negotiate, admit or reject any claim without authorization from the insurer.

Breach of these obligations shall entitle the insurer to reduce the benefits and force the insured to participate in the loss to the extent that, by his behaviour, he worsened the economic consequences of the loss, or, where applicable, to place a claim against the insured for damages.

Should the breach on the part of the policyholder or the insured occur with the manifest intention of misleading or harming the insurer, or should they act fraudulently in collusion with the claimants or the injured parties, the insurer shall be released of its obligation to pay all benefits derived from the loss.

The insurer shall take on the management of all procedures related to the loss, acting in the name of the insured to deal with the injured parties or their entitled dependents, and the insured agrees to collaborate with it. If, due to a lack of collaboration, the possibilities of defending the loss are harmed or reduced, the insurer may place a claim for damages against the insured, proportional to the insured's blame and the harm suffered.

18 OBLIGATIONS IN CASE OF LOSS

- **The policyholder or the insured must, in addition, provide the insurer with all sorts of information about the circumstances and consequences of the loss.** In case of breach of this obligation, the right to the indemnity shall only be lost should there have existed gross negligence or wilful misconduct.

Should there exist various insurers, this communication must be made to each of them, indicating the names of the others.

- **The insured may not totally or partially abandon the insured objects, which remain in his care and at his own risk, and he shall take care of any that are left after the accident, whether intact or deteriorated, as well as the wreckage,**

packaging, boxes or cases, taking care not to cause any new disappearances or flaws, the cost of which, in this case, shall be borne by the insured.

Moreover, the policyholder or the insured is obliged to conserve the wreckage and remains of the loss until the valuation of the damage has concluded, except in the case of justified material impossibility. This obligation shall not, under any circumstance, give rise to a special indemnity.

- The insured must afford the insurer access to the properties on which the loss occurred, in order to take as many measures as are reasonably necessary to lessen the consequences of it.
- Breach of this article's obligation to salvage shall entitle the insurer to reduce its benefits, in accordance with the significance of the damages derived from said breach and the degree of fault on the part of the policyholder or insured. If this breach occurs with the manifest intention of harming or misleading the insurer, the latter shall be released from its obligation to provide all benefits derived from the loss.
- The expenses incurred due to compliance with this obligation, **provided they are not inappropriate or disproportionate to the salvaged property**, shall be borne by the insurer, even when said expenses have not had effective or positive results.
- **It is the insured's responsibility to prove the pre-existence of the objects.** Nevertheless, the contents given in the policy shall constitute a presumption in favor of the insured when he or she cannot reasonably provide more efficient proof.

19 APPOINTMENT OF LOSS ADJUSTERS

- The insurer shall visit the place where the loss occurred, as soon as possible, through the person it designates to begin the operations to verify the causes of the loss, how it occurred, the declarations contained in the policy and the damages sustained by the insured objects.
- Should the parties reach an agreement on the cost and method of the indemnity, the terms of **Article 23 – payment of indemnities shall apply**.
- If the parties fail to reach an agreement within a period of forty days as from the date the accident was reported, each party shall appoint a loss adjuster, who shall record their acceptance to the post in writing.
- Once the loss adjusters have been appointed and have accepted their posts, which may not be renounced, they shall initiate their tasks.
- Should the loss adjusters reach an agreement, this will be reflected in a joint document in which they will record the causes of the loss, the valuation of the damages, any other circumstances that might influence the calculation of the indemnity and the proposal for the indemnity.
- If either of the parties has not appointed a loss adjuster, it shall be obligated to do so within eight days following the date on which it is requested to do so by the party that has appointed its own, and, should it fail to do so in this final period, it shall be

understood that it accepts the opinion issued by the other party's loss adjuster and shall be bound by it.

- When no agreement is reached by the loss adjusters, both parties shall appoint a third adjuster by common accord and, in case of disagreement, the appointment shall be made by the judge at the Court of First Instance for the locality where the property is located. In this case, the legal adjuster's report shall be issued within the period indicated by the parties or, in its absence, in the period of thirty days following acceptance of his or appointment as the third loss adjuster.
- The opinion of the loss adjusters, whether unanimous or majority, shall be communicated to the parties immediately and by a means beyond all doubt, and it will be binding for them, unless either of the parties legally contests it within a period of thirty days, in the case of the insurer, or one hundred eighty days, in the case of the insured, both periods to begin as of the date of said notification. If the corresponding legal action is not taken in said periods, the loss adjusters' report shall be unassailable.
- Each party shall bear the fees of its own loss adjuster. Those of the third adjuster and any additional expenses, including the debris removal expenses arising from the expert appraisal, shall be borne equally by the insured and the insurer at fifty percent each. However, should either of the parties have made the appraisal necessary by insisting on a manifestly disproportionate valuation of the damage, said party shall be solely liable for these expenses.

20 APPRAISAL OF DAMAGES

- **The valuation of the damage caused to buildings shall always be carried out in accordance with the following rules:**

The building, including the foundations, but not including the value of the plot of land, shall be valued according to the value of new construction at the moment prior to the loss.

The cost of replacing the building shall be construed as including those architect or engineering fees necessary for its reconstruction, although at no time may the indemnity from the insurer exceed the sum insured in the policy for buildings.

If the damaged or destroyed building is not of use to the insured or is not repaired, reconstructed or replaced on the site where it had been at the moment prior to the accident, or in case of any significant modification of its original use, the insurer shall appraise the damages based on its real value, bearing in mind the corresponding deduction for use, age and obsolescence, unless its reconstruction cannot be carried out at the same site by legal imperative.

At all times, the difference between the reconstruction value and the real value shall only be indemnified when the reconstruction of the damaged building is carried out within two years of the occurrence of the loss.

- **The goods that form part of the contents shall be valued according to their replacement as new value, except for the following exceptions:**

- Computers, electronic equipment and other electrical, electronic or mechanical machinery, which shall be valued pursuant to the regulations stipulated for these kinds of devices and machinery in the section related thereto in Article 20.
- Unused items and those whose real value at the time of the loss is less than 50% of their value as new. These items shall be valued according to their replacement value as new, taking into account their condition and depreciation due to the use thereof.

With regard to objects that can be repaired, and on agreement from the insured, the insurer shall pay the costs involved in repairing or replacing these items, increased by any loss in value caused following the claim, which were not eliminated by the aforementioned repair or replacement.

The amounts paid for repairs and losses of value may not, under any circumstances whatsoever, exceed the value of the item in question.

With regard to items which are part of a set or collection, if the total loss thereof does not occur, the insurer shall not reimburse the full value of the aforementioned set and/or collection, but solely the cost of the damaged part and, under no circumstances, may the insured try to receive any indemnity for the depreciation that may be caused to the set and/or collection that may now be incomplete as a result of the loss.

- **Stock shall be valued according to their cost price at the moment prior to the loss.**

Stock belonging to manufacturers, whether currently being manufactured or stored, shall be valued according to the value of the raw material plus the costs incurred to achieve the level of manufacture that these goods had reached at the time of the loss, or the sale value thereof, if this is less.

Any printed originals and/or printing plates shall be valued as blank or unprinted.

- **Computers, electronic equipment and other electrical, electronic or mechanical machinery**, which are already guaranteed by the basic covers or the optional cover B.6., regarding the breakdown of machinery and electronic equipment, shall be valued pursuant to the following regulations:

Partial Loss

If the damage sustained by the insured property can be repaired, the insurer shall pay all the costs required to return these goods to the same working condition as they were in before the loss occurred, deducting the value of the wreckage but with no deductions for the use thereof.

In addition, the insurer shall pay the assembly, dismantling and transportation expenses, the customs duties, if applicable, and any other item that affects the cost of the repair and would have been involved in establishing the insured sum.

Any expense for modifications, improvements or revisions incurred as a result of a loss covered by this policy shall be borne in full by the insured. The insurer shall not indemnify the cost of the provisional repairs unless they form part of the final repair expenses.

Total Loss

It shall be deemed that a piece of machinery and/or equipment has been completely destroyed when the cost of repairing it, including the ordinary assembly, dismantling and transportation expenses and customs duties, exceed the real value of this machinery and/or equipment at the moment immediately prior to the loss, taking into account its condition and the depreciation due to the use thereof.

Indemnity for total loss shall be calculated using the real value as a base, minus the value of the wreckage and the deductible stipulated.

- **In the case of a loss guaranteed by cover B.5. - consequential losses**, the sustained loss shall be calculated in the following way:

Daily Indemnity

The amount of the indemnity shall be calculated in the following way:

- a. **In the case of complete stoppage**, the indemnity shall be calculated by multiplying the daily insured sum by the number of days during which the stoppage of business activities occurred, providing this number does not exceed the maximum indemnity period insured.
- b. **In the case of partial stoppage**, the daily insured sum shall be decreased according to the percentage of reduction of the business activities.
- c. **In the case that there was a period of total closure followed by a period of reduced activity**, the different indemnity percentages stipulated for each case shall be applied according to the duration of each situation and providing the indemnity period does not exceed the maximum indemnity period insured.
- d. For the purposes of the payment of indemnity, only the working days on which the establishment opens shall be counted.

Lost of Profits

- a. The gross profit percentage shall be applied to the verified reduction in sales during the indemnity period.
- b. Any expenses that may have been incurred by the insured in an attempt to lessen or prevent a reduction in business activities, which otherwise would have affected the sales during the indemnity period, shall be identified.
- c. The reduction in sales that would have occurred had the expenses identified in the previous section not been paid out shall be calculated and the gross profit percentage shall be applied.
- d. The two figures obtained in accordance with the previous two sections shall be compared.
- e. The figure obtained in section a. shall be added to the lower of the two figures compared in section d.
- f. Any savings made on any of the business's permanent expenses during the indemnity period as a result of the reduction or stoppage in business activities shall be subtracted from the amount calculated in the previous section.

Permanent General Costs

The permanent general costs, shall be calculated according to bills, in accordance with the fixed costs that the insured must continue paying in view of the business activities of the insured business, subtracting, where applicable, any costs that may be avoided or reduced during the indemnity period stipulated in the policy's schedule.

In the case of the partial interruption of business activities, the indemnity shall be in proportion to the level of stoppage.

21

CALCULATION OF THE INDEMNITY

- The insured sum for each guarantee represents the maximum limit on the indemnity to be paid by the insurer for each loss.
- The insurance may not be the object of unfair enrichment for the insured. **To calculate the damage, the value of the insured interest at the moment immediately prior to the occurrence of the loss shall be used.**
- **If, at the moment at which the loss occurs, the sum insured for each one of the covers included in the policy is less than the value of the insured interest, the insurer shall indemnify the damage caused in the same proportion as said sum covers the interest.**

The parties may, by mutual agreement, exclude the application of the average condition described in the previous paragraph.

- If, at the moment at which the loss occurs, the insured sum for each one of the covers included in the policy notably exceeds the value of the insured interest, either of the parties hereto may require the reduction of the insured sum and the insurer shall reimburse the surplus from the premium already collected. Should the loss occur, the insurer shall indemnify the damage actually caused.

When the over-insurance is due to bad faith on the part of the insured, the contract shall be ineffective. The insurer may, in good faith, withhold the premiums from previous years and those for the period underway.

22

CONCURRENT INSURANCE

When two or more contracts arranged with different insurers cover the same goods against the same risks, in an identical period of time, the policyholder or the insured must, unless agreed otherwise, inform each insurer of the other insurance he or she has arranged.

Should a loss occur, the policyholder or the insured must report it to each insurer, indicating the names of the others.

The insurers will contribute to the payment of the indemnity and valuation expenses in proportion to the sum they insure, and in no case may this exceed the total cost of the damages.

Within this limit, the insured may request indemnity from each insurer, according to the respective contracts.

If, due to wilful misconduct, this communication is not made, and, in case of over-insurance, a loss occurs, the insurers are not obliged to pay indemnity.

23 INDEMNITY PAYMENT

For each loss, the payment of the indemnity will adhere to the following rules:

- If the damages were calculated by mutual agreement, the insurer shall pay the agreed amount within a maximum period of five days as from the date on which both parties signed the agreement. This shall not be done in detriment to the terms of the next number in this article concerning the obligation of the insurer to pay the minimum sum it is obliged to pay.
- If the damages were calculated and agreed by the loss adjusters, the insurer shall pay the amount they indicate within a period of five days as from the moment both parties consent to and accept the adjusters' agreement, at which point said agreement will become unassailable.
- Should the loss adjusters' report be challenged, the insurer shall pay the minimum cost of what it might owe, in accordance with the circumstances known to it.
- If, in the period of three months following the occurrence of the loss, the insurer has not repaired or indemnified the damage or if, in the forty days following its receipt of the survey report, it has not proceeded to pay the minimum amount it might owe, the indemnity shall be increased because of default by the insurer, by the payment of an annual interest equal to a 50% increase on top of the legal interest on money in force at the time of payment.

Nevertheless, once two years have elapsed since the occurrence of the loss, the annual interest cannot be less than 20%.

The initial date for the calculation of said interests shall be the date of the loss.

There shall be no indemnity for default on the part of the insurer when the failure to pay the indemnity or the minimum amount is due to a justified cause or cannot be attributed to it.

- **The indemnity may be substituted by the repair or replacement of the damaged property whenever the nature of the insurance so allows and the insured gives his or her consent.**
- The insurer, before proceeding to the payment of the indemnity, **may require the policyholder or the insured to furnish documented proof that the damaged property does not have tax payments pending.**
- For losses affecting the civil liability guarantee, the insurer, within the limits and conditions of the policy, shall pay the indemnity within a maximum period of forty days as of the date on which the sum of said indemnity is set by a judicial sentence or by the insurer's recognition of the liability of the insured.

24

TERMINATION OF THE CONTRACT

The insurance policyholder or the insurer may oppose the extension of the contract by providing written notice to the other party two months in advance of the conclusion of the insurance period underway.

25

SUBROGATION

- Once the indemnity has been paid, and without need for any other assignment, transfer, deed or order, the insurer is subrogated to the rights, appeals and actions that, as a result of the loss, might correspond to the insured against all those individuals who perpetrated or were liable for the loss, including other insurers, should they exist, for up to the limit of the indemnity.
- **The insurer may not exercise the rights it has subrogated in detriment to the insured.**
- **The insured shall answer to the insurer for the damages that, with his or her acts or omissions, he or she might cause to the insurer with regard to its right to subrogate.**
- The insurer shall not be entitled to this subrogation against any party whose acts or omissions might lead to liability on the part of the insured in accordance with the law, nor against the party that caused the loss when said party is a direct or indirect relative of the insured, up to the third civil degree of kinship, or an adoptive parent or adopted child that lives with the insured.

The terms of the preceding paragraph shall have no effect when the liability for the loss stems from a fraudulent action or omission on the part of the insured or when said liability is covered by an insurance contract. In case of the latter, the subrogation shall be limited to the cover guaranteed by it.

- In case of concurrence of the insurer and the insured before a liable third party, any sum obtained shall be attributed to the titleholder of the respective right and, where both parties are titleholders, shall be divided between them in proportion to their respective interests.

26

RECOURSE

- **The insurer may sue the insured for the cost of the indemnity it has had to pay as a result of the exercise of direct action by the injured party or its entitled dependents when the damage caused to the third party resulted from wilful misconduct on the part of the insured.**
- **The insurer may likewise file a claim for those damages caused to it by the insured and/or the policyholder in the cases and situations set forth in the policy and require the reimbursement of any indemnity it has had to pay to third parties damaged by losses not covered by the insurance.**

27 LEGAL DEFENCE OF THE INSURED

- In any legal proceedings derived from a loss covered by the policy, the insurer, unless agreed otherwise, shall bear the costs of the legal defence against the claims of the injured party, appointing lawyers or court attorneys that will defend and represent the insured in the legal proceedings initiated due to civil liability claims covered by this policy, and this will hold true even when said claims are groundless.
- The insured shall offer the necessary cooperation with regard to said defence, undertaking to grant any powers of attorney and personal assistance that might be required.
- Whatever the ruling or result of the legal proceedings, the insurer reserves the right to decide whether or not to initiate the legal appeals that might proceed against said ruling or result, or to accept it.
- If the insurer deems an appeal inadmissible, it shall communicate this to the insured, who will be free to file it exclusively at his own expense, and the former will be obliged to reimburse the legal costs and those for lawyers or court attorneys **should said appeal succeed.**
- In case of conflict between the insured and the insurer due to the fact that the latter must necessarily have interests contrary to those of the insured with regard to the loss, the insurer shall make this known to the insured, without detriment of the need to carry out those processes that, due to their urgent nature, are necessary for the defence. In this case, the insured may opt to allow the insurer to continue to manage his legal affairs or entrust his defence to another person. In case of the latter, the insurer shall be obliged to pay for the expenses of said legal management for up to the limit agreed in the policy and subject to the regulations set for such purposes by the professional associations of which they are members.
- **The appropriate rules regarding fees shall be construed to be the maximum limit on the insurer's obligation.**
- Any discrepancies regarding the interpretation of the said rules shall be submitted to the appropriate committee in the relevant professional association.

28 TERMINATION AND NULLITY OF THE CONTRACT

- **Should the insured interest or risk disappear during the term of the policy, the insurance contract shall be terminated, and the insurer shall be entitled to the premium that has not been consumed.**
- **The insurance contract shall be null and void, if, at the time of its conclusion, the risk does not exist or the loss has occurred.**

29 LIMITATION PERIOD

Claims arising from this contract shall become statute-barred after a period of two years.

30 ARBITRATION

In case of disagreement between the two parties, they may submit their differences to the judgment of arbitrators, in accordance with current legislation.

31 RELEVANT JURISDICTION

The competent judge to hear the claims arising from the policy will be that corresponding to the residence of the insured in Spain, and any agreement to the contrary will be null and void.

32 COMMUNICATIONS

- All notices addressed to the insurer by the policyholder or the insured shall be made at the registered offices of the insurer as indicated in the policy; however, if they are made to an insurance agent, they shall have the same effect as if they been made at said office. Likewise, the payment of the premium receipts by the policyholder to an insurance broker shall be construed as having been made to the insurer, unless agreed otherwise.
- All notices from the insurer to the policyholder and, where applicable, to the insured, shall be made at their residence, as stated in the policy, unless they have notified the insurer of a change of residence.
- All notices made by an insurance broker to the insurer on behalf of the policyholder or the insured shall have the same effect as if these latter had made them, unless indicated otherwise by them. The express approval of the policyholder shall be required, at all times, to enter into a new contract or modify or terminate the insurance contract currently in force.
- All notices from the insurer to the policyholder or insured may be made through the insurance agent who intervened in the policy.

33 INDEMNITY CLAUSE FOR DAMAGE

TO GOODS COVERED BY THE INSURANCE COMPENSATION CONSORTIUM FOR LOSSES DERIVED FROM EXTRAORDINARY EVENTS OCCURRING IN SPAIN

Pursuant to that set forth in the revised text of the Legal Statute of the Insurance Compensation Consortium, approved by Royal Decree 7/2004 of 29 October and amended by Act 12/2006 of 16 May, the policyholder of any type of insurance agreement including an obligatory surcharge in favour of the aforementioned public body may arrange for the cover of extraordinary risks with any insurance company that meets the conditions required under current legislation.

The Insurance Compensation Consortium shall pay the indemnities arising from losses sustained as a result of extraordinary events occurring in Spain and affecting risks located therein, when the policyholder has paid the corresponding surcharge in the policy, and they find themselves in any of the following situations:

- a. The extraordinary risk covered by the Insurance Compensation Consortium is not covered by the insurance policy taken out with the insurance company.
- b. That, even if it is covered by said insurance policy, the insurance company cannot meet its obligations because it has been judicially declared bankrupt or it is subject to compulsory liquidation proceedings or such liquidation has been undertaken by the Insurance Compensation Consortium.

The Insurance Compensation Consortium shall act pursuant to that set forth in the aforementioned Legal Statute, that set forth in the Insurance Contracts Act 50/1980 of 8 October and that stipulated in the Regulations on Extraordinary Risk Insurance, approved by Royal Decree 300/2004 of 20 February and in the additional legal provisions.

I. SUMMARY OF LEGAL REGULATIONS

1. Covered extraordinary events

- a. The following natural phenomena: earthquakes and tidal waves, extraordinary floods (including the pounding of waves), volcanic eruptions, atypical cyclonic storms (including extraordinary winds with gusts of more than 135 km/hr and tornados) and the fall of astral bodies and aerolites.
- b. Events caused suddenly as a result of terrorism, rebellion, insurrection, riots and civil unrest. c) Acts or actions of the armed forces or of the security forces and services in times of peace.

2. Excluded risks

- a. Those that do not give rise to an indemnity according to the Insurance Contracts Act.

- b. Damage and losses caused to people or things insured by insurance agreements other than those that include the obligatory surcharge in favour of the Insurance Compensation Consortium.
- c. Those due to inherent faults or defects in the insured object or an evident lack of adequate maintenance.
- d. Those caused by armed conflicts, even when no official declaration of war has been made.
- e. Those derived from nuclear energy, notwithstanding that set forth in Act 25/1964 of 29 April.

Notwithstanding the foregoing, any indirect damages sustained in an insured nuclear plant shall be understood to be included when such damage occurs as a result of an extraordinary event affecting the plant itself.

- f. Those due to the mere passage of time and, in the case of goods that are fully or partially submerged on a permanent basis, those attributable to the mere action of the waves or ordinary currents.
- g. Those caused by natural phenomena other than those set forth in Article 1 of the Regulations on Extraordinary Risk Insurance and, in particular, those caused by a rise in the water table, hillside movements, landslides or settlement movements, falling rocks and any other similar phenomena, unless these are evidently caused by the action of rain water that simultaneously caused extraordinary floods in the area.
- h. Those derived from commotions caused during the course of meetings and demonstrations carried out according to that set forth in the General Act of Parliament 9/1983 of 15 July, which regulates the freedom of assembly, as well as during the course of legal strikes, unless said actions can be classified as an extraordinary event pursuant to Article 1 of the Regulations on Extraordinary Risk Insurance.
- i. Those caused by bad faith on the part of the insured.
- j. Those derived from accidents that occurred during the waiting period stipulated in Article 8 of the Regulations on Extraordinary Risk Insurance.
- k. Those occurring prior to payment of the first premium or when, in accordance with that set forth in the Insurance Contracts Act, the cover provided by the Insurance Compensation Consortium has been suspended or the insurance has been terminated due to non-payment of premiums.
- l. Indirect damages or losses arising from direct or indirect damages, other than the loss of profits as defined in the Regulations on Extraordinary Risk Insurance. In particular, damages or losses sustained as a result of cuts or alterations in the exterior electricity supply, combustible gases, fuel oil, gas oil and other fluids are not covered, nor are any indirect losses or damages other than those set forth in the previous paragraph, even if these alterations are derived from a reason included in the cover of extraordinary risks.
- m. Accidents that, due to their magnitude or severity, are classified as a catastrophe or national disaster by the Spanish government.

3. Deductibles

In the case of direct damages (except vehicles, homes and homeowner associations for these homes), the deductible payable by the insured shall be 7% of the cost of the indemnity for the damage caused by the claim. In the case of loss of profits cover, the deductible payable by the insured shall be that set forth in the insurance policy for damage caused by ordinary claims that result in a loss of profits.

4. Extension of the cover

The cover of extraordinary risks shall extend to the same property and sums insured as those stipulated in the policies regarding ordinary risks. Notwithstanding the above, in policies that cover own damage to motor vehicles, the Consortium guarantees the full insured interest, even though the ordinary policy only does so partially.

PROCEDURE TO FOLLOW IN THE EVENT OF A CLAIM COVERED BY THE INSURANCE COMPENSATION CONSORTIUM

In the event of a claim, the insured, policyholder, beneficiary or their respective legal representatives must report said claim, either directly or through the insurance company or insurance agent, within a period of seven days of receiving knowledge of it, to the relevant regional office of the Consortium, depending on the place where the claim occurred.

The notice shall be drawn up on the form established for such purposes, which is available from the Consortium's webpage (www.consortseguros.es) or from the Consortium's offices or the insurance company. The documents that are required according to the nature of the damage must be attached to this form: <http://www.consortseguros.es/>

In addition, the insured must keep the wreckage or remains of the claim for expert appraisal or, in case of the absolute impossibility to do so, provide documents that serve as proof of the damages, such as photographs, notary documents, videos or official certificates. Likewise, any invoices relating to damaged goods, the destruction of which cannot be put off, must also be kept.

All necessary measures to reduce the damage must be adopted.

The valuation of the losses derived from extraordinary events shall be carried out by the Insurance Compensation Consortium, without being bound to any valuations that, if applicable, were carried out by the insurance company covering ordinary risks.

To clarify any doubts that may arise regarding the procedure to be followed, the Insurance Compensation Consortium offers the following telephone service for the insured: 902 222 665.

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